BUSINESS WEEK

AUG. 27, 1949

A McGRAW-HILL PUBLICATION



BUSINESS WEEK INDEX



John Snyder: Takes a tough approach to British crisis (pages 6, 19)

State Taxes

SPECIAL REPORT—PAGE 51

TWENTY FIVE CENTS

★

"Immigration is the sincerest form of flattery"

IF CAPITALISM IS WRONG, why don't people who hate it leave America? If socialism is desirable, why don't they go to England? If communism is what the so-called "common man" wants, why doesn't he move in droves to Russia?

Nobody wants to leave America—but tens of millions of men and women all over the world, in every country, want, yearn, plead for the chance to come *to* America.

Parlor pinks here lisp about the beauties of statism, where the government guarantees security. People *in* those countries know all about this business of government taking care of you from cradle to grave. Particularly the grave. Do what you're told or you get hurried into it.

They vastly prefer America, with its chance for progress, its high living standard, its liberty, its dignity of the individual. They'd swap security for your liberty any time. Look out that you aren't talked into the trade.

(Headline written by Wheeler McMillen, Editor-in-Chief, Pathfinder)



WARNER & SWASEY
Machine Tools
Cleveland

YOU CAN MACHINE IT BETTER, FASTER, FOR LESS WITH WARNER & SWASEY TURRET LATHES, AUTOMATICS AND TAPPING MACHINES

Photo courtesy Los Angeles Dept. of Water and Power. Linings installed by Barber-Webb Co.



Box of oil will hold 86 thousand gallons

Koroseal is a typical B. F. Goodrich product development

KOROSEAL means baby pants, draperies, upholstery—also sealed storage space to hold thousands of gallons of oil—and who knows what next? What new uses will dozens of business men think up for it?

Not so long ago people thought there was no flexible material that could seal oil in storage because oil attacks rubber. Five underground tanks like the one in the picture were built of *concrete*. But the oil leaked and dripped down on machinery and workmen below. Then the contractor thought of Koroseal linings. Four of the tanks are already lined and in use, full of oil, without a drop leaking.

Koroseal flexible material is absolutely waterproof. In draperies and furniture it's almost stainproof. Dirt, grease and most chemicals come off with plain water and soap. It's almost scuffproof too. Traveling bags covered with it stand throwing, kicking and other treatment that would soon make ordinary bags look rough, scratched and worn.

Garden hose is ⅓ to ½ lighter than ordinary hose. Shower curtains and raincoats last years instead of months.

The material may be made in sheets of various thicknesses, films, coatings on fabrics, one or both sides, may be molded or extruded into tubes or other shapes. It may be hard or very soft or anywhere in between.

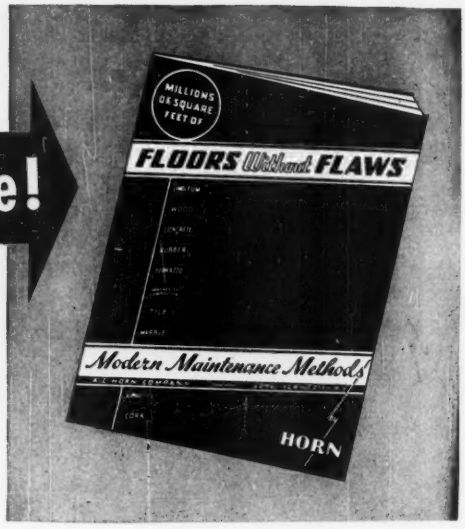
If you have any product Koroseal might improve or any problem you think it might solve, write to *The B. F. Goodrich Company, Koroseal Sales Department, Marietta, Ohio.*

Koroseal—Trade Mark, Reg. U. S. Pat. Off.

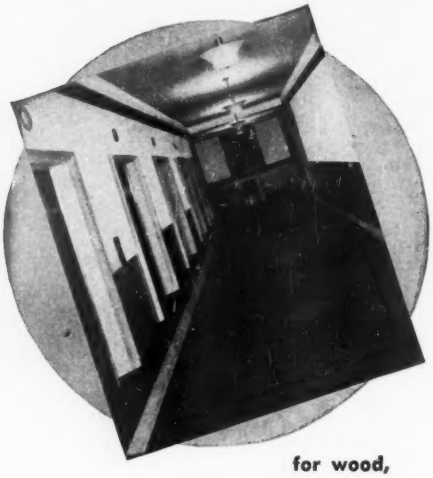
B.F.Goodrich

Koroseal Flexible Materials

it's yours . . . free!

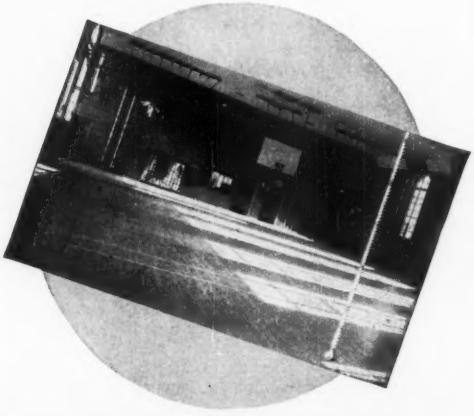


SEND FOR THIS 1949 EDITION OF OUR HAND BOOK ON HOW TO CARE FOR YOUR FLOORS!



for wood, linoleum, rubber, terrazzo, concrete, tile, cork, composition and marble

Get this reference book of Modern Maintenance Methods for floors. Contains practical hints on cleaning, refinishing, polishing and sealing all types of floors in offices, institutions and industrial plants. Represents over 50 years of experience of the Horn Laboratories and the endorsement of nationally known manufacturers of floors and floor coverings who through their associations have tried, tested and approved Horn Products. Use the coupon for your free copy.



A. C. HORN CO., INC.
ESTABLISHED 1897

SUBSIDIARY OF
CHEMICAL CORPORATION

10th STREET and 44th AVENUE
LONG ISLAND CITY 1, NEW YORK

Please send free a copy of your new Handbook
"FLOORS WITHOUT FLAWS"

NAME.....

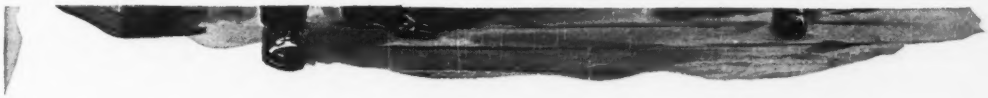
CARE OF.....

ADDRESS.....

CITY.....STATE.....



"Is this the same ROEBLING that helped you build the Golden Gate Bridge?"



"Well, Ted, that's one way to put it! And this sure is the same Roebling. Besides making wire and huge cables for suspension bridges, Roebling weaves wire screens. I've seen screens like this in quarries and mines all over the country."

☆ ☆ ☆

The fact is, its Bridge Division is only one of Roebling's seven major divisions, each producing a distinctive line of wire or wire products of wide and essential service in industry. Importantly too, at the big Roebling plants in and near Trenton, New Jersey, developments are made constantly that bring new efficiency and economy to a vast range of industrial operations.

WIRE ROPE. Roebling wire rope is made in a large range of types to assure topflight performance in every application. Roebling Preformed "Blue Center" Wire Rope is unsurpassed for ease of handling, smooth operation and long life.

ELECTRICAL WIRE—CABLE—MAGNET WIRE. Roebling makes more than 60 standard types of electrical wire and cable—meets practically every transmission, distribution and service requirement. Roevar Magnet Wire is a leading specification for high-speed winding.

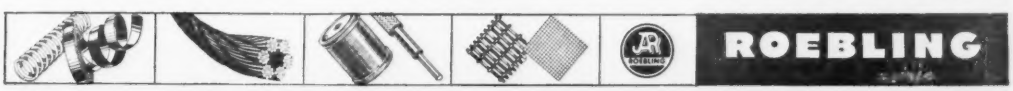
WOVEN WIRE FABRIC. From the largest, most rugged Aggregate Screens to the most finely woven Filter Cloths, there's a full line of Roebling industrial screens. Wires made of special steels and non-ferrous metals assure longer wear and corrosion resistance.

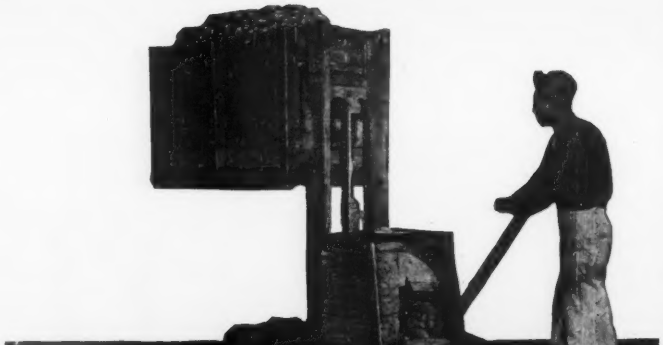
ROUND—FLAT—SHAPED—WIRE. Roebling high carbon wire is a quality product and dependably uniform in gauge, grain structure and finish. This, of course, means that machine stoppages and rejects are cut to a minimum, and production costs pulled down.

☆ ☆ ☆

Get full information about the Roebling products that might bring savings and improved performance in *your* operations. Write or call your nearest Roebling branch office. John A. Roebling's Sons Company, Trenton 2, New Jersey.

BRANCH OFFICES: *Atlanta,* 934 Avon Ave. ★ *Boston,* 51 Sleeper St. ★ *Chicago,* 5525 W. Roosevelt Rd. ★ *Cleveland,* 701 St. Clair Ave., N. E. ★ *Denver,* 1635 17th St. ★ *Houston,* 6216 Navigation Blvd. ★ *Los Angeles,* 216 S. Alameda St. ★ *New York,* 19 Rector St. ★ *Philadelphia,* 12 S. 12th St. ★ *Pittsburgh,* 855 W. North Ave. ★ *Portland, Ore.,* 1032 N. W. 14th Ave. ★ *San Francisco,* 1740 17th St. ★ *Seattle,* 900 First Ave.





going in for
MOTORIZED HANDLING?

Is YOUR FIRM getting its first taste of battery-powered handling by using one or more motorized hand trucks? Chances are that you're trying out your equipment on all sorts of jobs . . . and realizing in how many ways battery-industrial trucks can speed handling and increase production.

If so, now is the time to become acquainted with long-life EDISON Nickel-Iron-Alkaline Storage Batteries . . . the batteries that give you real dollar economy. Did you know they're electrically foolproof — require no critical adjustment of charge rates — can't be injured by reverse charging, short circuiting or similar electrical accidents? Did you know they're built of rugged steel inside and out to withstand rough usage? Did you know EDISON Service Engineers check your batteries regularly and help you to maintain them in top condition?

EDISON Batteries last and last, and so through the years their superiority costs you less and less. Prove this to yourself by asking the EDISON users in your own vicinity, then profit by their experience.

ADVANTAGES OF EDISON NICKEL-IRON-ALKALINE BATTERIES: They're mechanically durable; electrically foolproof; quickly and easily charged; simple to maintain; not injured by standing idle.



EDISON
Nickel • Iron • Alkaline
STORAGE BATTERIES



EDISON STORAGE BATTERY DIVISION
of Thomas A. Edison, Incorporated, West Orange, N. J.
In Canada: International Equipment Co., Ltd., Montreal and Toronto

BUSINESS WEEK

EDITOR
Ralph Smith

EXECUTIVE EDITOR
Kenneth Kramer

MANAGING EDITOR
Edgar A. Grunwald

ASST. MANAGING EDITOR
Robert B. Colborn

ASSOCIATE MANAGING EDITOR
Proctor Mellquist

News Editors, Cora Carter, Frank J. Fogarty, Richard M. Machol, Carl Rieser, Guy Shipler, Jr. • *Illustration*, Jacquelyn Judge, C. Peter Davis, Dick Wolters

DEPARTMENT EDITORS

Business Outlook, Clark R. Pace • *Business Policy*, John L. Cobbs • *Finance*, William McKee Gillingham • *Foreign*, Howard Whidden • *Labor*, Merlyn S. Pitzele • *Law*, Joseph A. Gerardi • *Marketing*, James C. Nelson, Jr. • *Production*, John Sasso • *Agriculture*, Arthur L. Moore

EDITORIAL ASSISTANTS

J. P. Chamberlain (Asst. Finance Editor), Jane E. Clark, Jean Drummond, Mary Flaherty, Charles M. Garvey, John Hartshorne, John Hoffman, Robert B. McIntyre (Asst. Marketing Editor), Nathaniel McKitterick (Asst. Foreign Editor), Arthur Richter, Edward T. Townsend (Asst. Labor Editor), Doris I. White • *Statistician*, Gertrude Charloff • *Librarian*, Mildred L. Washburn

ECONOMICS STAFF

Dexter M. Keezer, Sanford S. Parker, William F. Butler, Peter French, Robert P. Ulin

DOMESTIC NEWS SERVICE

Chicago Bureau, James M. Sutherland, Mary B. Stephenson, Dorothy Miller • *Cleveland Bureau*, Robert E. Cochran • *Detroit Bureau*, Stanley H. Brams, S. H. Brown • *San Francisco Bureau*, Richard Lamb, Mardell Burns • *Washington Bureau*, George Doying, Glen Bayless, Carter Field, Joseph Gambatese, Seabrook Hull, Louise Jacobson, Sam Justice, Paul Leach, Jr., Donald O. Loomis, Gladys Montgomery, Seymour Nagan, Caroline Robertson, Vincent Smith, William B. Whichard, Jr. • *Correspondents*: Akron, Albuquerque, Atlanta, Baltimore, Bangor, Birmingham, Boston, Buffalo, Charlotte, Cincinnati, Columbus, Dallas, Denver, Des Moines, Evansville, Houston, Indianapolis, Kansas City, Knoxville, Los Angeles, Louisville, Madison, Memphis, Miami, Minneapolis, New Orleans, Oklahoma City, Omaha, Philadelphia, Pittsburgh, Portland (Ore.), Providence, Richmond, Rochester, Salt Lake City, San Diego, Seattle, St. Louis, Spokane, Topeka, Tucson, Wichita, Wilmington, Fairbanks (Alaska), San Juan, Honolulu

FOREIGN NEWS SERVICE

Editor, Russell F. Anderson • *London*, Frederick Brewster • *Paris*, Boyd France • *Frankfurt*, John Christie • *Mexico City*, John Wilhelm • *Moscow*, Andrew Steiger • *Tokyo*, Alpheus Jessup • *Bombay*, Joseph Van Denburg, Jr. • *Melbourne*, Herbert Leopold • *Rio de Janeiro*, Henry Bagley • *Buenos Aires*, William Mizelle • Correspondents: Amsterdam, Bangkok, Batavia, Bogota, Cairo, Caracas, Copenhagen, Geneva, Johannesburg, La Paz, Lima, Manila, Milan, Montevideo, Ottawa, Prague, Santiago, Shanghai

PUBLISHER
Paul Montgomery

ADVERTISING MANAGER
H. C. Sturm

BUSINESS WEEK • AUGUST 27 • NUMBER 1043

(with which are combined The Annalist and the Magazine of Business) • Published weekly by McGraw-Hill Publishing Company, Inc., James H. McGraw (1860-1948), Founder • Publication Office 99-129 North Broadway, Albany, N. Y. • **Postmaster: If undeliverable, notify publisher on Form 3578-P** • Editorial and Executive Offices, 330 W. 42nd St., New York 18 • James H. McGraw, Jr., President; Curtis W. McGraw, Vice-President and Treasurer; Eugene Duffield, Senior Vice-President, Publications Division; Nelson Bond, Vice-President and Director of Advertising; Joseph A. Gerardi, Secretary.

Address correspondence regarding subscriptions to J. E. Blackburn, Jr., Vice-President and Director of Circulation, Business Week, 99-129 N. Broadway, Albany 1, N. Y., or 330 West 42nd St., New York 18. Allow ten days for change of address.

Subscriptions to Business Week are solicited only from management-men in business and industry. Position and company connection must be indicated on subscription orders.

Single copies 25c. Subscription rates — United States and possessions $6.00 a year, Canada $7.00 a year, Pan American countries $10 a year • All other countries $20 a year • Entered as second class matter Dec. 4, 1936, at the Post Office at Albany, N. Y., under Act. of Mar. 3, 1879 • Printed in U. S. A.

Copyright 1949 by McGraw-Hill Publishing Co., Inc. — All Rights Reserved.

The man who was frightened by Insurance Salesmen!

(OR, DON'T TREMBLE, IT'S ONLY A POLICY) by Mr. Friendly



When insurance men called, he shivered and said,
"Tell 'em I'm out—tell 'em I'm dead
Tell 'em I'm down with triple pneumonia
Tell 'em I've gone to Patagonia!"

And then one day Mr. Friendly slipped in
And he wore a disarming seven-inch grin . . .
And he said, "My friend, why slam the door
on a chance to *save more* and *more* and *more?*

"American Mutual," he continued, "has saved
business men $120 million through dividends alone!
And our I. E. Loss Control* service has
helped reduce premium costs for some businesses
to as much as 50% below the average rate!"

Well, the man signed up and he saved so much dough
The United States Mint began to run low!
And now that his business really is boomin'
He admits, insurance men almost seem *human!*

AMERICAN MUTUAL

. . . the first American liability insurance company

© 1949, AMERICAN MUTUAL LIABILITY INSURANCE COMPANY



The biggest extra in insurance . . . that's I. E. Loss Control,* a special service, at no extra charge with every industrial policy. Ask your American Mutual man to tell you how this service works Write for free copy of "The All-American Plan for Business" or "The All-American Plan for the Home." American Mutual Liability Insurance Co., Dept. B-64, 142 Berkeley St., Boston 16, Mass. Branch offices in principal cities. Consult classified telephone directory

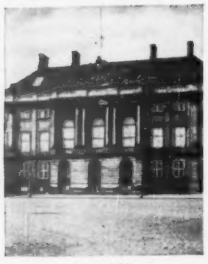
**Accident prevention based on principles of industrial engineering.*

Today you can telephone to more than 80 countries, including...


AUSTRALIA


ARGENTINA


CHILE


DENMARK


EGYPT


ITALY


PANAMA


SPAIN


SWEDEN

Do you do business abroad? Do you have friends or relatives living or traveling in foreign countries? If so, you'll find the telephone the easy and convenient way to keep in touch with them. In one call you can discuss and settle the details of a transaction with a customer or prospect. Or enjoy a personal chat with your globe-trotting acquaintances. You can reach nearly all of the world's telephones today from your own telephone. Just say to your Long Distance operator, "I want to make an overseas call."

BELL SYSTEM OVERSEAS TELEPHONE SERVICE

THE DEPARTMENTS

Business Abroad	81
Business Outlook	9
Finance	61
International Outlook	79
Labor	70
Marketing	31
The Markets	68
New Products	48
Production	39
Readers Report	86
Report to Executives	51
The Trend	88
Washington Outlook	15

THE COVER

When John Wesley Snyder became Secretary of the U. S. Treasury on June 25, 1946, he had no idea he would become the arbiter of the world economy.

• **Umpire**—But that is exactly what Snyder will be when he presides over the top-level financial talks between the U. S., Britain, and Canada that start next week in Washington. According to the official verbiage it is "the balance of payments difficulties between the dollar and sterling areas" that will be up for discussion—in other words, the British dollar crisis. But what is at stake is whether Britain and western Europe (with their dependencies) can live in the same economic world with the U. S. without a permanent subsidy from Washington. The answer to that question has important political, as well as economic, meaning for the U. S.

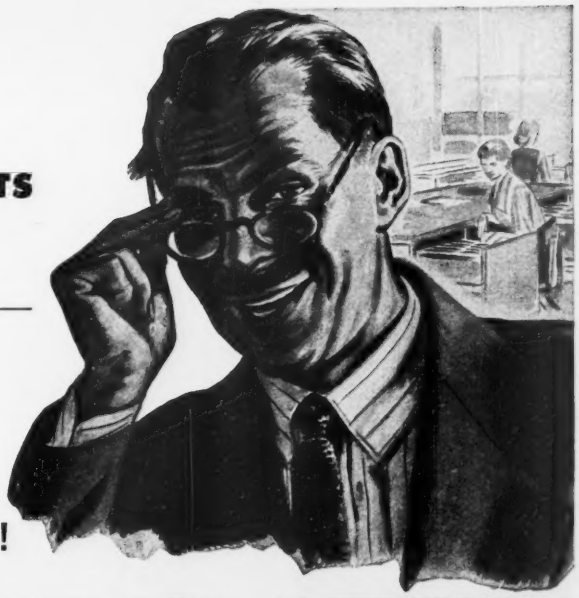
Snyder will bring to this assignment the same orthodox approach that has characterized most of his policies at the Treasury. This will make him a tough customer for Britain's Cripps and Bevin to handle.

Snyder's orthodoxy is something that doesn't always sit well with the Administration. But John Snyder still stands in well with Harry Truman. It all goes back to the days when they were field artillery buddies in World War I. And they have known each other in Missouri politics for many years.

• **Career**—Snyder was born in Jonesboro, Ark., in 1896. He went to Vanderbilt University, then after the war worked for various banks in Arkansas and Missouri. He became manager of the St. Louis Loan Agency of the RFC in 1937. During the war, Snyder was executive vice-president of Defense Plant Corp., and was assistant to the board of directors of the RFC. Before Truman appointed him Federal Loan Administrator in 1945, Snyder held the job of executive vice-president of the First National Bank of St. Louis.

—Complete story on Britain's crisis begins on page 19. Cover photo by Dick Wolters.

"so you think ACCOUNTING COSTS can't be cut . . .



Here's How We SIMPLIFIED Accounts Receivable— and Chopped Costs in Half!



"MOUNTING OFFICE COSTS were particularly evident in our Accounts Receivable Department. We were adding clerks out of proportion to our increase in accounts. End-of-month peak loads meant constant payment of costly overtime. It was time for action!



"PROCESS-FLOW CHART submitted by Remington Rand Systems Specialists proved conclusively that needless steps could be eliminated by SUIAP — the revolutionary Simplified Unit Invoice Accounting Plan. Our auditors approved it wholeheartedly.



"NO POSTED LEDGER . . . NO ACCOUNTING MACHINES. We enter charges by filing invoices in individual visible account pockets — remove and stamp them "paid" as checks come in. Clerks handle twice as many accounts, even do routine credit authorizing safely!



"OUR CREDIT MANAGER IS FREED of detail, can devote himself to closer follow-up on delinquencies . . . which are signaled visibly for prompt attention. Remington Rand installed the new system without getting in our way — then even trained our clerks to use it."

SEND FOR THIS FREE BROCHURE

"Kolect-A-Matic Simplified Unit Invoice Accounting Plan"



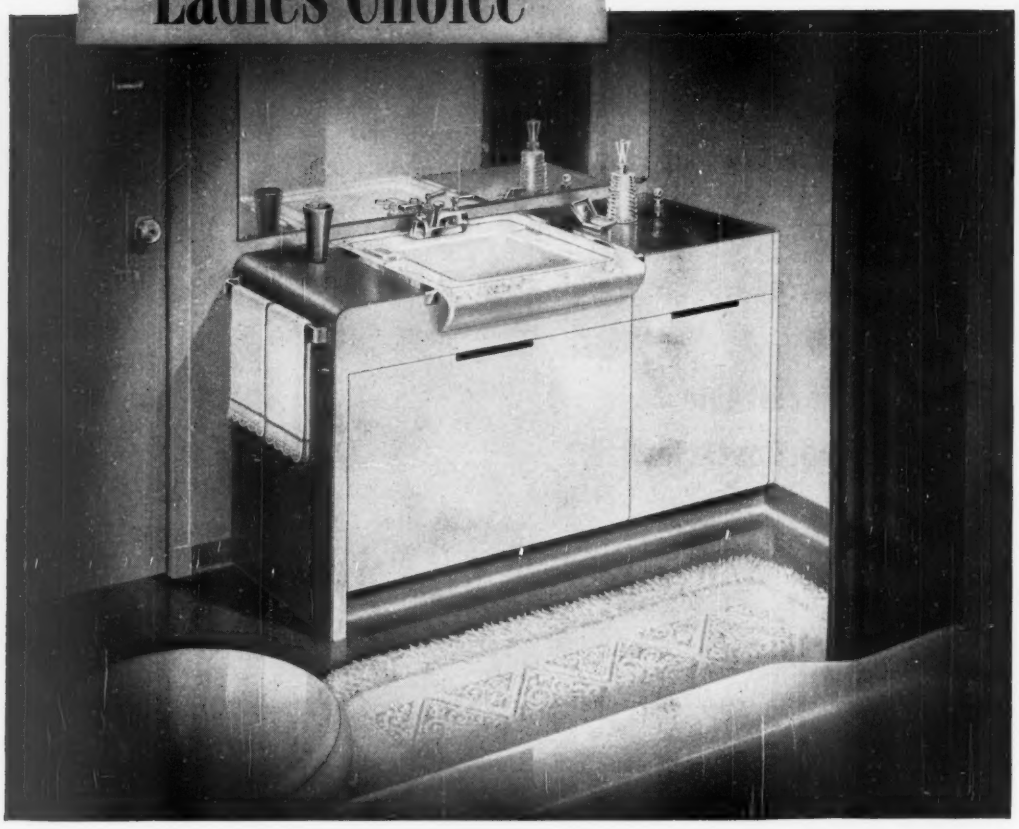
Here's a detailed description of the famous SUIAP operating features and its big money-saving advantages. Also available on request at your Remington Rand office: authoritative studies of Simplified *Installment* Accounting Systems. Call there today, or write on your business letterhead to Systems Division, Room 1100, 315 Fourth Avenue, New York 10, N. Y.

Remington Rand

THE FIRST NAME IN BUSINESS SYSTEMS

Copyright 1949 by Remington Rand Inc.

Ladies' Choice



THE new Dresslyn Lavatory by American-Standard is definitely a favorite with the ladies. For this advanced lavatory, combined with a smart, counter-top cabinet, gives them all the space they need for easier dressing, "primping" and bathroom storage, right where it's most convenient.

This new lavatory is typical of the constant striving by American-Standard to develop heating equipment and plumbing fixtures that bring greater comfort and convenience . . . and that meet the special needs of homes, institutions, commercial and industrial buildings, even of ships at sea.

And the Dresslyn is the newest example of the unremitting insistence on *product quality* that has made American-Standard "First in Heating . . . First in Plumbing."

American Radiator & Standard Sanitary Corp.,
P. O. Box 1226, Pittsburgh 30, Pa.

American-Standard
Heating · Plumbing

Look for this Mark of Merit

AMERICAN-Standard
First in heating . . . first in plumbing

Serving home and industry: AMERICAN-STANDARD • AMERICAN BLOWER • CHURCH SEATS • DETROIT LUBRICATOR • KEWANEE BOILER • ROSS HEATER • TONAWANDA IRON

BUSINESS OUTLOOK

BUSINESS WEEK

AUGUST 27, 1949

You'll hear a lot of talk about the "value" of gold these next few weeks. The U. S.-British economic talks and the International Monetary Fund conference (page 19) make that a cinch bet.

Gold still is money. But it is money for only one reason: The Treasury of the United States of America will pay anyone $35 an ounce for it.

If the U. S. were to pull the peg, gold would be just another commodity —albeit a rare one and hence valuable in the arts and trade.

•

Gold still has a mystic lure for a lot of people. Yet it has lost much of its old role in world trade. It even feels the inroads of plastics, stainless steel, and the like in dentistry.

Thinking on the subject of gold would be much straighter if everyone would bear in mind these words of The Economist of London:

"The dollar is not on the gold standard, it is gold that is on the dollar standard."

•

You hear, every so often, of gold selling for $38 or $45 or $50 an ounce in this or that foreign market.

But run those stories down. Almost always you will find that dollars weren't even involved in the deals—only soft currencies.

So many pounds, or francs, or pesetas were paid for gold. At official rates of exchange into dollars, that made the gold "price" $50.

Actually, that's a fictitious price. Foreigners fled from their own currencies into gold. They weren't bargaining in terms of official exchange rates. They were paying an outright premium for the yellow metal.

They probably would gladly have paid a like premium for U. S. dollars.

Put it in terms of ultimate nonsense: Use China's dollar. There is no telling how many millions of dollars an ounce of gold would be worth.

•

Americans, back from Europe, these days often say: "The United States surely is going to have to raise the price of gold within a year."

That would be devaluation of the dollar (although the pill would be sugar-coated for the public). But why, indeed, should, the world's most desired currency be devalued?

Top arguments are: (1) Depleted gold hoards of friendly nations would then buy them more dollars, and (2) so would their new gold production.

•

Washington shows no disposition to monkey with the dollar.

Confidence is the only thing that preserves exchange ratios in the long run. (Money and muscle are, at best, no more than temporary props.)

But, for argument's sake, suppose the dollar's value were cut by about 15% in terms of gold. England's gold stock (now under $1½-billion) would be marked up something over $200-million; South Africa's gold output (about $400-million a year) would be worth about $60-million more.

Would those plus values offset the blow dealt to the world's confidence in all currencies? Maybe. But more likely the fires of inflation, still smoldering everywhere, would be fanned.

A rush from money into goods traditionally goes with money tinkering.

•

Britain's labor government would get political aid out of a cut in the

dollars' gold content. If the dollar's value is cut, then sterling also can be cut (the idea is to cut the pound more than the dollar) with the face-saving explanation: "It's a multilateral currency deal."

By the deeper cut in the pound, the sterling area would get: (1) an export advantage (dollars would buy more pounds; hence more goods); and, (2) a curb on imports (dearer dollars would cut buying power).

Theoretically, at least, the U. S. would import more from the sterling area and export less. But ECA exports would minimize the shock.

•

Higher prices for gold have a certain political potency. They would be a windfall for our western gold miners. They also would help base-metal producers who recover gold as a byproduct.

Not to mention owners of mining stocks who have beguiled themselves into believing that higher gold prices are the world's panacea.

•

Slowly but steadily rising steel output continues to indicate a moderate business upswing over the rest of this year.

Output this week is scheduled at very close to 85% of capacity.

Then, too, steel scrap prices continue to rise. That's always regarded as a pretty good indicator of sentiment in the industry.

It's probably true that not much of the rise in scrap is due to mill buying. Mostly, it reflects a scramble by dealers for supplies in anticipation of mill demand.

But, barring a strike, dealers' ideas on scrap prices are likely to prove pretty close to the mark.

•

Steel men probably wouldn't be pushing production up much at this time if they figured the new demand were simply buying in anticipation of a strike. Orders from makers of refrigerators and stoves, for example, result from improved demand for these products.

Most steel men agree, however, that makers of autos and their parts suppliers have been building steel inventories on the chance of a strike.

•

Construction increasingly is getting a good word for its part in turning the business curve upward once more.

Biggest single factor, of course, is public construction. But home building also is holding up better than it did late last summer.

Says the Federal Reserve Board: "New construction has increased more than seasonally from the low winter levels. . . . The total volume, in both dollar and physical terms, is now about the same as a year ago."

And the board adds a forecast: "Recent construction contract awards indicate that construction activity is likely to continue to expand moderately in the near future. . . ."

•

Lumber prices only recently have begun to reflect the better-than-expected level of construction. Western mills have been shipping more than they produced for some time; now things are picking up in southern pine.

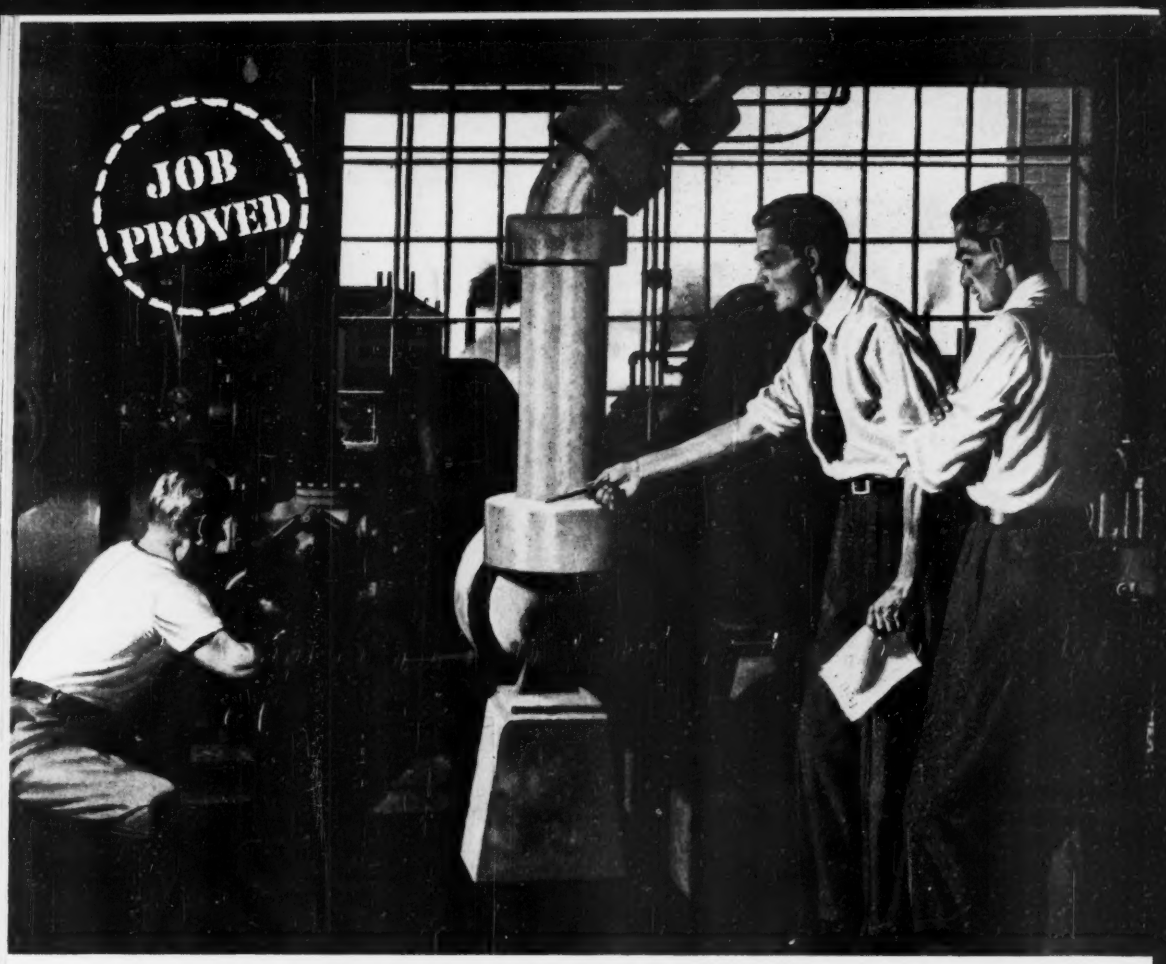
Stocks, however, are well above a year ago. That's price protection.

•

Spot commodity prices started up seven weeks ago—but, so far, wholesale prices have paid no attention to the move.

Wholesale prices last week were at the lowest level in two years. Now, exactly a year after their postwar peak, their decline totals 10½%.

Contents copyrighted under the general copyright on the Aug. 27, 1949, Issue—Business Week, 330 W. 42nd St., New York, N. Y.



TURBINE INVESTMENT PROTECTED BY SUNVIS

After Rigorous Service, Bearings and Reduction Gears Free of Wear, Rust, and Corrosion

In 1945, a paper mill resumed operations. Essential to production plans was a steam turbine which had been shut down for several years. The turbine represented a substantial investment and would take a long time to replace should anything go wrong, so the management gave the matter of lubrication careful study. Finally, the mill decided in favor of a Sun Engineer's recommendation—one of the Sunvis 900 Oils for both the turbine's circulating system and the bath-lubricated reduction unit.

Today, the initial charge of Sunvis 900 Oil—with only slight makeup—is still in service. Regular Sun laboratory tests show this fortified oil to be in excellent condition. Inspection of the equipment reveals no measurable wear. During the past two summers, the turbine was exposed to condensation when it stood idle for a few months. Despite this intermittent operation, gears and bearings show no rust, and no corrosion.

"Job Proved" Sun Products are giving similar, outstanding service in every kind of industry: Using a Sun Processing Aid, a rubber factory increased extrusion speed 7%, and improved quality; a machine shop making radio parts tripled tool life with a Sun Cutting Oil. For literature about the rust- and corrosion-inhibited Sunvis 900 Oils, or other Sun "Job Proved" Products, write Dept. BW-8

SUN OIL COMPANY · ***Philadelphia 3, Pa.***

In Canada: Sun Oil Company, Ltd., Toronto and Montreal

SUN PETROLEUM PRODUCTS

"JOB PROVED" IN EVERY INDUSTRY

SUNOCO

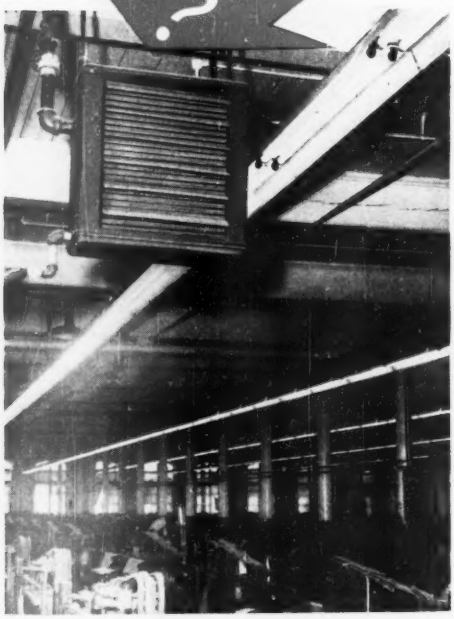
Which Thermolier Unit Heater is the right one . . . for this spot?



Conventional finned tube type heating element of standard Grinnell Thermolier Unit Heater delivers maximum heat with minimum maintenance *under ordinary conditions.*



Heating element of Grinnell Textile Thermolier Unit Heater consists of a series of parallel copper sheets attached to the tubes. The absence of hundreds of lint collecting fins allows unobstructed air flow with self-cleaning action *even under extreme lint and fly conditions.*



Unit heating is obviously the most economical, flexible and generally practical type of heating for a textile mill. But the air conditions in some rooms of a mill quickly reduce the efficiency of conventional unit heaters. The air is filled with lint, fly, dust and, often, sizing. When this kind of air is blown through the fin type heating element of any conventional unit heater, these foreign particles collect, mat together and often plug the heating element solid in a few days, practically canceling the unit's capacity.

To correct this condition, Grinnell designed the Textile Thermolier in which hundreds of lint and fly collecting fins are eliminated without sacrificing heating capacity. These special Thermoliers operate for weeks with only a negligible accumulation of lint. Maintenance costs are reduced. What cleaning is necessary at infrequent intervals is simple and fast.

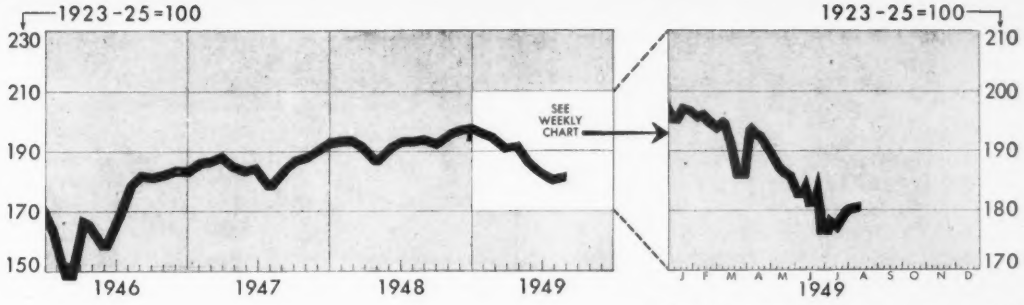
There is a Grinnell Thermolier Unit Heater in a size and type to give maximum heating results under any operating conditions. Just one of the many products manufactured by Grinnell to do a better job . . . "whenever piping is involved".

99 YEARS PIPING

GRINNELL

Grinnell Company, Inc., Providence, R. I. Branch warehouses: Atlanta • Buffalo • Charlotte • Chicago • Cleveland • Cranston • Fresno • Kansas City • Houston Long Beach • Los Angeles • Milwaukee • Minneapolis • New York • Oakland • Philadelphia • Sacramento • St. Louis • St. Paul • San Francisco • Seattle • Spokane

FIGURES OF THE WEEK



Business Week Index (above)

	§ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Business Week Index (above)	*182.9	†182.0	180.1	195.9	162.2
PRODUCTION					
Steel ingot operations (% of capacity)	84.8	83.5	81.5	95.9	97.3
Production of automobiles and trucks	146,545	†144,317	160,173	113,324	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	$32,559	$31,898	$26,932	$23,346	$19,433
Electric power output (million kilowatt-hours)	5,579	5,530	5,462	5,391	3,130
Crude oil (daily average, 1,000 bbls.)	4,723	4,723	4,685	5,521	3,842
Bituminous coal (daily average, 1,000 tons)	1,333	1,258	1,107	2,094	1,685
TRADE					
Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars)	71	70	68	82	86
All other carloadings (daily average, 1,000 cars)	51	50	53	67	52
Money in circulation, (millions)	$27,383	$27,409	$27,366	$27,979	$9,613
Department store sales (change from same week of preceding year)	−16%	†−12%	−10%	+15%	+17%
Business failures (Dun & Bradstreet, number)	193	176	182	94	228
PRICES (Average for the week)					
Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100), June...169.6	....	....	169.2	171.7	105.2
Spot commodity index (Moody's, Dec. 31, 1931 = 100)	338.9	339.8	340.0	424.9	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	221.1	217.5	213.1	278.3	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	290.1	291.9	297.1	348.9	146.6
Finished steel composite (Iron Age, lb.)	3.705¢	3.705¢	3.705¢	3.720¢	2.396¢
Scrap steel composite (Iron Age, ton)	$21.92	$21.17	$19.33	$43.16	$19.48
Copper (electrolytic, Connecticut Valley, lb.)	17.625¢	17.625¢	17.625¢	23.500¢	12.022¢
Wheat (No. 2, hard winter, Kansas City, bu.)	$2.04	$2.05	$2.03	$2.18	$0.99
Sugar (raw, delivered New York, lb.)	5.90¢	5.90¢	5.80¢	5.76¢	3.38¢
Cotton (middling, ten designated markets, lb.)	30.83¢	31.17¢	31.63¢	30.89¢	13.94¢
Wool tops (New York, lb.)	$1.676	$1.648	$1.631	$1.780	$1.281
Rubber (ribbed smoked sheets, New York, lb.)	16.68¢	16.62¢	16.40¢	23.08¢	22.16¢
FINANCE					
90 stocks, price index (Standard & Poor's Corp.)	121.7	121.8	118.9	127.2	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's)	3.38%	3.39%	3.45%	3.45%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's)	2.61%	2.61%	2.65%	2.84%	2.77%
Call loans renewal rate, N. Y. Stock Exchange, (daily average)	1½–1¾%	1½–1¾%	1½–1¾%	1½–1¾%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	1¾%	1½–1¾%	1½–1¾%	1¼%	½–¾%
BANKING (Millions of dollars)					
Demand deposits adjusted, reporting member banks	46,050	46,268	46,472	46,746	††27,777
Total loans and investments, reporting member banks	64,693	64,207	63,264	63,399	††32,309
Commercial and agricultural loans, reporting member banks	12,939	12,906	12,875	14,872	††6,963
Securities loans, reporting member banks	2,072	2,098	2,009	1,431	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks	36,485	36,144	35,507	34,904	††15,999
Other securities held, reporting member banks	4,947	4,885	4,773	4,405	††4,303
Excess reserves, all member banks	1,380	910	950	729	5,290
Total federal reserve credit outstanding	18,694	18,924	19,096	22,125	2,265

*Preliminary, week ended August 20th.
††Estimate (BW—Jul.12'47,p.16)

§Date for "Latest Week" on each series on request.
†Revised.



1. Paul and Peg—their children, too—were feeling rather low, till Paul exclaimed: "I've got a plan. Let's pack our bags and go to friendly Hotel Statler for a weekend free from worry!" "Stop talking, Pop," exclaimed the twins, "start packing now! *Let's hurry!*"



2. A sound night's sleep on Statler's bed restored their zip and zest. But having breakfast in their room was what they liked the best. "Just think," said Peg, "no rush, no muss, no household chores for me!" "Stop eating, Pop," said both the twins, "*we've got a lot to see!*"



3. They saw the town, and shopped a bit, and had a lot of fun. "There is no question," Paul proclaimed, "you always get more done when staying at the Statler, for it's in the heart of town." "Oh, come on, Daddy," cried the twins, "*you're always slowing down!*"



4. A *children's menu* for the twins delighted them at dinner. While Paul said, "Peg, I ate so much I'm sure I won't get thinner. At cooking food to taste its best, these chefs sure know the score." "You're *so* right, Father," said the twins, "*but, may we have some more?*"



5. Said Paul to Peg: "We'll see a show, and dance till dawn begins; at Statler, we can always get a sitter for the twins. That makes a Statler weekend tops . . . the perfect family treat!" "Get going, Daddy," called the twins, "*don't dance on Mommy's feet!*"



STATLER HOTELS: ***NEW YORK*** (FORMERLY HOTEL PENNSYLVANIA)
BOSTON • ***BUFFALO*** • ***CLEVELAND***
DETROIT • ***ST. LOUIS*** • ***WASHINGTON***
STATLER OPERATED ***HOTEL WILLIAM PENN*** • ***PITTSBURGH***

WASHINGTON OUTLOOK

THE UNITED STATES OF EUROPE idea—that's what ECA boss Hoffman is preaching privately in his current tour of Marshall Plan ministries.

This is the real purpose of his trip. He has come around to the conclusion that western Europe must operate as a continent—not as 16 competing nations—if ECA is ever to be more than interim aid.

The conclusion marks a basic turning point in ECA's outlook. Up to now, the focus has been on getting recovery going—pre-war national patterns have been respected.

Now Hoffman is talking tougher. In public his speeches call for "bold, new, imaginative" action. In private conferences, this is how Hoffman explains what he means:

- Make inter-European trade as free as interstate trade in the U. S. (page 79).
- Equalize national corporate and excise taxes and corporate franchise laws.
- Permit free movement of the labor force across national boundaries, so production can be put where it is most efficient.
- Create a European currency freely exchangeable for francs, for schillings, for lira.

And finally, Hoffman insists that international machinery must be set up with powers surrendered to it adequate to plan and carry out a continental program. He'd give the OEEC—the Marshall Plan co-ordinating committee in Paris—the law-making job. He would set up a regulatory commission to police the job.

•

What has Hoffman got to back up this talk?

He's got final say over the use of the counterpart funds—the local currencies western European nations realize from sale of ECA-financed imports. Hoffman can make or break a cabinet by what he lets these funds be used for.

Also, Hoffman has instructions from Congress to get Marshall Plan countries busy at putting an end to artificial barriers to commerce. He clearly can use this as a threat that next year's money depends upon his being able to show evidence of real progress.

Of course, even all that may not be enough—stacked up against the intricate problems accumulated through generations of nationalism.

•

AIR FORCE BOSS SYMINGTON will run for Donnell's seat in the Senate from Truman's Missouri next year. He's waiting only for a clean bill of health from the congressional B-36 inquiry before tossing his hat in the ring.

•

IN SIZING UP THIS CONGRESS it's time to quit looking at the record for this year alone. For all practical purposes, the 81st Congress is going to be in almost continuous session until next summer—until campaign time.

There will be a recess, sure. It may come in a couple or three weeks, last until November. Or more likely it will come in mid-October, or even later, and last until January.

But even during the recess, you will see a lot of interim activity—much more than the usual amount of committee work on legislation for next year.

•

The blunt fact is that in eight months this Congress has talked itself into such a legislative snarl that it simply can't budget its work into a first year and a second year. It'll take a two-year session to unsnarl the tangle.

Leadership discipline has been so inept that legislation is being voted catch-as-catch-can. The Republican-Southern coalition is just as much in command, day-to-day, as is Lucas in the Senate or Rayburn in the House.

This dead-heat balance between the Administration and the coalition actually is just another result of the ineptness of Truman's people. With any eptness they could have had their way on most things, come high water or Dixiecrats.

•

So, to assess the impact of this Congress on your affairs you have to cast ahead for 10 months, as well as look back over the last eight. You can't count any item dead just because nothing has happened on it yet (example: tax cuts)—or even because it has been up for consideration once and has been laid aside (Brannan farm plan).

•

Any guess now as to what the two years will add up to necessarily must be kept open for reassessment.

That's because: (1) a Congress without effective leadership is unpredictable; (2) the way congressmen size up business conditions in the months ahead will make a lot of difference.

But, at this half-way mark, you can make a

fair sketch of what the record is apt to look like.

•

THIS MUCH HAS BEEN DONE ALREADY:

Atlantic Pact ratified.

World wheat agreement ratified.

800,000-unit public housing program started.

Rent control continued.

Government grain-bins authorized.

Executive-department reorganization begun.

TVA steam plant and policy of federal transmission of federal power okayed.

•

These things will be approved, most of them within the next few weeks:

Arms aid for Europe—a start, to bolster the Atlantic Pact, with a kitty around $1-billion.

Reciprocal trade extension—it's already through the House.

Minimum wage increase—to the House-approved 75¢, with little change in coverage.

Aid to education—despite the fuss over parochial-school eligibility; Senate already has acted.

Social-security broadening and payroll-tax increase—but compulsory medical insurance will not come up for a vote.

High farm price supports—continued for the 1949-50 crops. Some additional legislation will be passed next spring, possibly even Brannan's controversial production subsidy on some foods.

•

These things stand a good chance:

Excise tax reductions, particularly if consumer buying falls off much more. Any sizable cut in excises would produce pressure for offsetting increases in corporate rates.

Celler-Kefauver bill outlawing monopolistic mergers by acquisition of physical assets; House has okayed this.

Anti-lynching—alone of the civil-rights bill.

Science foundation, finally.

•

What about Taft-Hartley? Both sides today are willing to let this issue go to the voters again in 1950—although some Democrats think it might be a good idea to try repeal once more next year just to refresh the memory of union men.

•

"WOODEN GUN" TRAINING DAYS are back for some of the Army's summer field maneuvers.

The 82nd Airborne Division, one of the Army's crack regular outfits, is a case in point. It's training at Fort Bragg, N. C., for hit-and-run, surprise-from-the-rear tactics.

But it hasn't a full issue of such basic weapons as antitank rifles, mortars, and machine guns—or the newer snooperscopes and sniperscopes. Even radio equipment, batteries, and ammunition are hard to come by.

There is oodles of left-over war equipment in Army warehouses. Best answer the 82nd's brass can get on why they don't have it: red tape.

•

TELEVISION SET OWNERS will be counted in the 1950 population census if the extra cost of processing this question can be fitted into the money available for the job.

•

THE BRANNAN PLAN is the issue Democrats have settled upon to build a real Truman majority in Congress in 1950.

They aren't at all dismayed over the kicking around Brannan's scheme has taken from Congress and the farm lobbies. To their way of thinking, the plan has the political magic to excite farmers and city workers alike.

Strategy is to sell it as the ingredient that can cement a farmer-labor coalition.

To the farmer it offers a guarantee he can keep his high-income position in the economy.

To the city worker it promises cheaper food.

This joint selling job will be tried out Aug. 30 at a rally in Syracuse, N. Y. Brannan, who is evangelizing around the country at Truman's request, will be there. So will Labor Secretary Tobin.

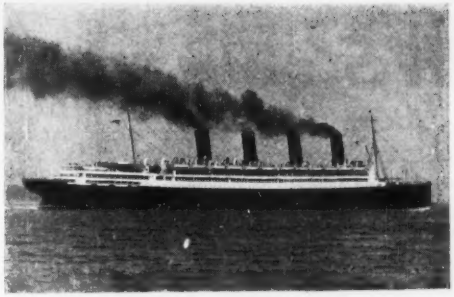
The Brannan-Tobin act is scheduled again at San Francisco, Sept. 18-19, before an 11-state party pow-wow. It will be booked at other spots through the fall and winter and next spring.

•

ANOTHER PEARL HARBOR—that's the objective of the first all-out joint amphibious maneuvers since war's end.

The operation—code named MIKI (without "Finn")—is being set up for the fall. It'll run 105 days, start with practice landings at Aliso Canyon, near San Diego, wind up with invasion of Pearl Harbor and Oahu Island.

Assault force will number 100 ships, 40,000 troops. Pentagon brass hint the show will have at least one interesting sideline: It will provide a test of Navy's fighters vs. the B-36.



1919—THE AQUITANIA

30 YEARS OF SPERRY NAVIGATION



1949—THE "QUEENS"

SPERRY equipment has "gone to sea" on Cunard liners for 30 years. This record of Sperry service to Cunard extends from its first Gyro-Compass installation in 1919 aboard the Aquitania to the present day "Queens" of the fleet — the Queen Mary and Queen Elizabeth.



Now . . . besides the Gyro-Compass for true north indication and the Gyro-Pilot for efficient steering, the world's two largest passenger ships have added the new *Sperry Direct-Reading Loran* as a further aid to navigation.

Sperry Loran provides the means of obtaining instantaneous fixes regardless of overcast, fog or darkness continuously across the Atlantic, thus avoiding costly course corrections. This is an important factor to these liners because of their fast cruising speed.

In addition to the excellent navigational data provided, personnel on these vessels like the simple and fast operation possible with Sperry Direct-Reading Loran . . . its adjustable angle for viewing the scope . . . ease in servicing . . . and small space required in the chart room. And Loran, like other Sperry equipment, is backed by fast, dependable Sperry service in New York and in Southampton through The Sperry Gyroscope Company, Ltd. of London.

Sperry's 30 years' association with Cunard is another indication of its world-wide acceptance as a pioneer and leader in the development of marine navigational equipment.

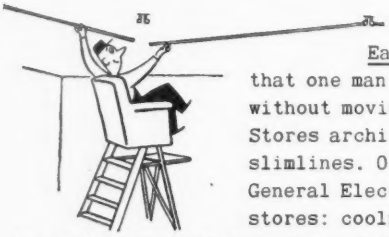
SPERRY GYROSCOPE COMPANY
DIVISION OF THE SPERRY CORPORATION
GREAT NECK, NEW YORK

NEW YORK • CLEVELAND • NEW ORLEANS
LOS ANGELES • SAN FRANCISCO • SEATTLE
IN CANADA: THE ONTARIO-HUGHES-OWENS COMPANY, LIMITED • OTTAWA

LIGHTING NEWS

New lamps—new uses—money-saving ideas

FROM LAMPS



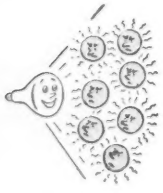
Easier maintenance big factor in lamp choice. The fact that one man can easily replace a 16-foot line of slimline lamps without moving his ladder was cited by Louis Kasoff, Food Fair Stores architect, as one of the big features of eight-foot G-E slimlines. Other advantages which have led to installation of General Electric slimline fluorescent lamps in many Food Fair stores: coolness, long life. Write for copy of free booklet "Modernize with G-E slimline". General Electric, Div. 166-BW8, Nela Park, Cleveland 12, Ohio.

New infrared lamp cuts heating time. General Electric has just annouced a new 500-watt infrared lamp that occupies no more space than other G-30 bulbs of lower ratings. It permits more energy concentration on work—speeds up processing of some materials.

Sales soar at hardware store. Ever since Luzerne Lumber Co. opened its new hardware store in Luzerne, Pa., sales have been lots higher. Manager says: "We're convinced that our tremendous sales increase is largely due to our smart, new fluorescent lighting. Most of our regular customers today were never in our old store, and many out-of-state cars stop. We honestly believe our lighting is worth three times its cost from an advertising standpoint alone."



Luxury lighting 25,000 feet up. Those new double-deck Stratocruisers boast better, more comfortable aircraft lighting for passengers. Ranging from specially-designed reading lamps to fluorescent lounge lighting, the system includes 411 G-E lamps, took three years' planning by Boeing and General Electric engineers.



New photo lamp outshines seven suns. New opportunities to study machinery vibration and other types of rapid action are opened up by a new General Electric photographic floodlight. Producing light 7 to 15 times the intensity of noonday sunlight at distances up to 18 inches, G-E engineers designed it especially for high-speed motion pictures of small objects. It's easy to handle, needs no auxiliary equipment, fits ordinary socket, operates on normal voltages.

How to evaporate solvents at low cost. New Ohio chemical plant uses General Electric heat lamps for evaporating volatile solvents from plastic sheet, reports these savings: the installation costs less than other evaporating systems, uses simpler equipment. In addition, lamps in vertical banks take minimum floor space.

For more data on the items above or for complete information on lamps and lighting, phone your local General Electric Lamp Dept. office.

You can put your confidence in—

GENERAL ELECTRIC

BUSINESS WEEK

NUMBER 1043
AUGUST 27, 1949



CRISIS IN WORLD TRADE: Britain's failure to earn dollars threatens U. S. foreign economic policy



CRISIS IN WORLD POLITICS: Bevin will be here to warn of danger of Anglo-American split. That's . . .

Why the U. S. Will Save Britain

At dollar-sterling talks, Britain is ready to yield on devaluation. U. S. officials fear collapse unless we help.

The Truman Administration isn't saying so, but Britain's near bankruptcy has all but knocked the props from under U. S. foreign economic policy.

What's more, the anti-Communist political strategy built up by Secretaries Marshall and Acheson is in danger of falling apart, too. For this policy, like the plans for bigger and freer world trade, has been based on close cooperation with a strong Britain.

• **High Stakes**—This means that the stakes will be high at the financial talks that start in Washington this week end. As first the experts, then the top-level brass, juggle dollar-sterling trade balances and exchange rates, they will be determining the future shape of U. S. foreign trade and, perhaps, our basic political strategy abroad. And, if the props are to go back in place, some tough decisions will have to be made by both the British and the U. S.

For London, the big decision will be whether to devalue the pound and accept the consequences of at least a temporary drop in British living standards. For the Washington negotiators, the big decision will be whether to: (1) fight in Congress for further reductions in U. S. tariff protection; and (2) follow sterling devaluation by asking Congress for a big enough stabilization fund to make the pound—and with it, other European currencies—convertible into dollars.

• **Changed Marshall Plan**—One way to get Congress to buy point No. 2 might be to make a complete switch in the Marshall Plan—turn it into a banking operation by setting up a big stabilization fund. The money for this would be in lieu of appropriations for the third and fourth years of ECA aid. The effect would be to close out the aid program.

• **What Failure Would Mean**—Since the British dollar crisis can't be solved except by joint action, a complete break-down in the talks could mean a sudden widening of the already dangerous split between U. S. and British trade policy. The next step from the British side could easily be a desperate gamble to set up a closed sterling trade bloc. And that would almost inevitably bring a move from the American side to cut off further aid to Britain.

If the gamble didn't come off, collapse of Britain's position in the world would follow in short order. If the gamble worked the U. S. would be driven to wage economic war against this sterling bloc to save its foreign markets. The U. S. would find its strongest military ally, in the first case, almost eliminated, or, in the second case, alienated. For U. S. strategists that could mean only one thing in Europe—a closer and closer tie-up with the new West German Republic.

• **The Crux: Devaluation**—The job that British Foreign Secretary Bevin has set himself in the Washington talks is to steer Britain away from such a rupture of Anglo-American ties. And the chief U. S. policy makers are ready to play ball. But they make this one condition: The British must be ready to devalue the pound. That's the crucial decision on which everything hinges.

• **Remedies**—One thing is becoming clearer every day to the experts in London, as well as Washington: The disparity between American and European price levels can never be closed unless the pound is devalued and the sterling-area and European currencies fall into

line. So long as the price disparity exists, Britain can make no real effort to increase its dollar earnings. Normal trade between the dollar and nondollar areas will remain just about impossible. From the U. S. angle, the recovery game is hardly worth the candle under these conditions.

Another thing that seems called for is a cut in British government expenditures, and thus in the British tax burden. The cuts might be made by a gradual retrenchment in the health services, in public housing, and in food subsidies. However, realists in Washington don't expect any major reversal in the welfare economics of the Labor government.

• **Short-Term Aid**—This week BUSINESS WEEK learned from London that Cripps and Bevin will agree to both devaluation and a gradual cut in spending. In return, they will expect Secretaries Snyder and Acheson to offer short-term help in closing the big 1949-1950 dollar deficit that is certain even with devaluation. They also want assurances that the pound will have U. S. backing and that British exporters will get a more open market in the U. S. And it's a real question whether further talks may not be needed to cover all this ground.

Here's the kind of short-term help that London hopes to get, and Washington is ready to discuss:

• An increase in Britain's 1949-50 ECA allocation. The U. S. might be able to push this up from around $850-million to $1-billion. Then Washington might agree to let London cover all or part of its $300-million 1949-50 wheat purchases from Canada with ECA funds.

• Agreement by the U. S. that Marshall Plan countries should again become eligible to draw dollars from the International Monetary Fund. Assuming a new realistic rate for the pound, say $3.00, Britain could then draw $325-million (its annual rate as set up by the fund) during 1949-50.

• Bigger or speeded-up U. S. stockpiling of rubber and tin. Natural rubber sales to private U. S. industry might increase, too, if Washington dropped the present mandatory provisions for use of synthetic rubber.

• **The Long Run**—When it comes to longer-term help, one of the big problems is the U. S. tariff structure. British officials are convinced that neither Britain nor the Continental countries can substantially boost dollar earnings—even after devaluation—unless U. S. tariffs are cut further and U. S. customs procedures streamlined. An increasing number of ECA, Treasury, and State experts agree that there is a need for tariff action. But it's Congress, after all, that will make the decision.

• **Stabilizing Fund**—The other major step the Administration seems prepared to consider is establishment of a stabilization fund to back the British pound and some of the Continental currencies. The thinking goes this way: If devaluation is to mean anything in opening the way for more and freer trade, then the pound must be made convertible into dollars. Since the Bank of England will not have the resources to back up a convertible pound, the only way is for the U. S. to set up a stabilization fund to do the job. As to how big the fund would have to be, estimates vary from $1.5-billion to as high as $5-billion. The larger the fund, of course, the easier it would be to scare off speculators and keep the original amount virtually intact.

• **Probable Proposal**—But, there's little chance that the Administration could get Congress to consider funds for a stabilization loan this year. What's in the minds of some U. S. experts is this: Close out the Marshall Plan next year by turning it from a commodity program to a banking operation. Ask Congress for, say, $3-billion in 1950 to set up the stabilization fund and perhaps also to replenish Europe's depleted currency reserves. Congress would then forget the $4-billion to $5-billion for ECA's third and fourth years.

Ford Reshapes His Empire

Young Henry has installed a line-and-staff setup in the four years since he took over as president. A top-management team sets policy; six semiautonomous operating divisions carry it out.

For the past four years a quiet revolution has been going on at the Ford Motor Co. It started the day Henry Ford II became president; by now, little remains unchanged except the name. The reshaping is still going on—and it will continue to go on for a long time yet. By now, enough has been accomplished to give a good picture of the new Ford company.

• **Change**—When Young Henry took over, the giant company's organization sprawled almost as broadly as its buildings. As in so many one-man concerns, functions of various divisions overlapped; division of responsibility among the top men was unclear. The new president attacked this situation in two ways: (1) by defining clearly the functions of the various divisions and executives; and (2) by hiring new men (many with General Motors Corp. backgrounds) to run the new setup.

Today, Ford is set up on the line-and-staff basis that is becoming increasingly popular in industry. There are staff people and there are operations people—and they function in separate spheres.

Six semiautonomous operating divisions (chart, page 21) each run their own sales, their own purchasing, their own production, their own finances. Each of these six is headed by a general manager; three of these are vice-presidents as well. These operations chiefs have no staff functions; their job is to produce and sell.

The organizational chart heads off with Henry Ford II, and executive vice-president Ernest R. Breech. To help them set policy they have a staff of six vice-presidents: John S. Bugas (industrial relations); H. T. Youngren (engineering); D. S. Harder (manufacturing); William T. Gossett (general counsel); J. R. Davis (sales and advertising); and T. O. Yntema (finance).

• **Reasons**—Why the change to line-and-staff? Why not let Davis actively run Ford sales and Harder supervise Rouge output, as they did before? The answer is simple. Henry Ford II puts it like this:

"There was too much work for too few people to do. They couldn't do a good job. Under the new system one group does the planning, works out the programs. Others have the responsibility of seeing that the actual work is done."

There's another reason, too, less evident. In the old Ford Motor Co., cost accounting was haphazard. Actual costs of many activities were not known. Others had never been prorated between products. Today, divisions, departments, shops—even single operations—have to stand on their own cost feet.

These are the basic units of the new company:

The Ford Division builds and sells Ford cars and trucks, parts, and accessories.

The Lincoln-Mercury Division makes and sells Lincoln and Mercury cars, parts, and accessories.

The Rouge Division is, of necessity, a catch-all for the varied operations at Ford's main plant: steelmaking, foundries, tool-and-die work, glassmaking, railroad operations, other miscellaneous activities.

The Parts & Equipment Mfg. Division operates 10 smaller plants, each building special parts requirements, mostly small pieces. All future parts-building operations will fall in this division.

The General Mfg. Division includes today the Highland Park plant, mak-



ing tractors; the Mound Road plant, making spare parts; the Canton Forge plant; and the new Buffalo stamping plant, as yet unbuilt but scheduled for completion next year. In this division will be grouped any non-Rouge basic manufacturing that is set up in the future.

The Foreign Operations Division operates primarily through Ford International, which is the active agency for all foreign manufacturing and selling operations.

• **Centralized**—Engineering is the one major function that has not been divisionalized. One reason: There are simply not enough physical facilities and skilled personnel for each division to have its own. Another: Centralized engineering means interchangeability of parts, with its attendant economies. Detroit knows that this works, from watching it operate in Chrysler Corp.'s engineering department.

So Ford's engineering is clustered in the Dearborn laboratories, as in the past. There, separate studios function on the design of the various cars, and so do separate development crews. But they dovetail into each other fairly compactly.

• **Buying**—Purchasing is definitely divisionalized. Today, the Parts & Equip-

ment Mfg. Division competes with outside suppliers making similar parts. The buying division can use its own judgment on where to place the order. The Ford division, or the Lincoln-Mercury division, will buy, say, garnish molding wherever it can make the best deal.

This is an old story at General Motors, where manufacturing divisions have to send salesmen in to see the car, truck, and body divisions just as regularly and just as assiduously as do outside vendors. But it is definitely new in Ford. There are indications that it is already producing economies in purchasing. And even where no economies are arrived at by such competition, Ford operations have a new kind of yardstick by which to measure their efficiency and cost structure.

Each division buys all its needs except certain items common to all of them. Steel, for example, is bought by central purchasing. So are such uniform requirements as tires and glass. In general, where the needs are the same throughout the company, there are advantages to be reaped by such centralized purchasing.

• **Cost**—It's obvious that the new arrangement involves higher direct costs than the old. One sales division, for example, handles Ford; a second, Lincoln-Mercury. Previously one set of men did both jobs.

But there's a payoff for that kind of duplication. It's evident in the simple fact of sales expansion in the Lincoln-Mercury division: more income. That would not be unusual anywhere in the booming auto business today, but expansion of dealerships, and other growths, establish pretty well that the higher L.-M. sales totals may be here to stay. The reason: Specialists are working on specific problems, and solving them.

Each division has the responsibility of justifying its existence in this new deal at Ford. Each does its own budgeting, turning over its proposals to the company's board and executive committee. There they are approved or revised, then returned; after that, it's up to the division to live inside its appropriation and, presumably, return a profit.

• **Future**—Will it work? It has elsewhere. And it has this to recommend it: The new life at Ford is a lot simpler for the men who watch the whole job and are charged with making it tick. The man who is generally credited with doing much of the organizing job, executive vice-president Breech, has this to say:

"We've let daylight into every operation. We've made, we think, an organization out of an aggregation. We have a long way to go yet, but now the road map is in front of us, and we know where we're going."

New Approach in Cleveland

Employer association, once militantly anti-union, is plugging for realistic hard-boiled collective bargaining. Associated Industries can point to strike-prevention record.

Next month, the Associated Industries of Cleveland will have Edward T. Cheyfitz as one of the main speakers at its Industrial Relations Clinic.

• **A Change**—That's a simple enough statement. But time was when it would have stopped a Cleveland businessman in his tracks. Today, member companies of Associated Industries just take it in their stride. Part of the change may be in Cheyfitz. But the big story is the change in Associated Industries.

Many a Clevelander remembers when the name Cheyfitz (he's with Eric Johnston's Motion Picture Assn. of America now) stood for trouble. Cheyfitz organized the plants of many present A.I.C. members in the Cleveland and Toledo areas in the days when the C.I.O. was cutting its baby teeth on industry's shins. Even more, Cheyfitz once proudly stood for left-wing unionism and for close collaboration with the Communists.

• **Militancy**—Cheyfitz wouldn't have stood a chance of getting invited to the A.I.C. in the late 30's and early 40's. For the one thing that A.I.C. and Cheyfitz had in common was a militant approach—in opposing directions.

One of the oldest and largest local management associations in the country, A.I.C. long pridefully rated itself as a "down the line" fighter against union power. In the twenties and the thirties the A.I.C. met the unions on their own terms.

• **New Approach**—But a revolution has taken place in A.I.C.—perhaps reflecting a revolution in the industrial scene. In less than one year's time, James L. Myers, its president and head of Cleveland Graphite Bronze Co., has made this organization an entirely different kind of force in Cleveland's industrial relations. The change came to full bloom last year.

• **Gentle but Drastic**—In 1948, the directors asked Ben F. McClancy, a soft-spoken, affable, and energetic man, to become secretary and general manager of the Associated Industries. And the revolution at A.I.C. picked up steam.

It has been a gentle revolution. McClancy believes in the gradual approach. As he put it at an A.I.C. luncheon last January:

"We are a management organization. Make no mistake about that. We are here to advance the cause of management. This can be done through the establishment of the proper industrial climate, and through mature collective bargaining."

The last sentence holds the key to McClancy's program.

Primarily, A.I.C. aims to advise its 500-odd member companies on all phases of local industrial relations. To make sure it was doing a complete and accurate job, McClancy started in by overhauling the research department.

• **New Program**—The new program works through several channels:

Comprehensive reports on some aspect of industrial relations are to go to members each month. Studies have already appeared on personnel practices of Cleveland companies; what employee benefits cost employers; and on profit-sharing in Cleveland's industries.

A semimonthly newsletter, "For the Informed Executive," is jam-packed with data on a generous variety of subjects.

A mail library service gives member companies a chance to read the latest books on industry and business.

• **Bargaining Aid**—But the most marked change shows up in A.I.C.'s program to help management at the bargaining table. A.I.C.'s staff shoots for a straightforward goal: Represent the interest of the company. Get the kind of contract it wants—or as near to it as possible. The remarkable thing is not so much the program itself as the fact that an organization which, ten years ago, was fighting unions tooth and nail, is now helping management thrash out hot questions with union leaders.

The approach works. Of the more than 1,000 firms that have had A.I.C.'s advice on labor-management questions during the past year, only one has had a strike.

• **Public Relations**—A new public relations program is now under way. This program includes an information service, the establishment of a speakers' bureau and of an industrial library, the sponsorship of conferences, and of plant tours. As part of it, A.I.C. is setting up a workshop at association headquarters, where industrial-relations executives can get hold of company publications, stockholders reports, union contracts, merit rating systems, and the like.

• **Growth**—A.I.C. is thriving under the new regime. Membership has increased at the rate of three companies a month in the past year—without any membership drive.



MEXICAN COTTON is jamming into Texas for transshipment, and . . .



MEXICAN PICKERS head back to Mexico after harvesting Texas' bumper crop. It's a . . .

Cotton Boom for Brownsville

Bumper crop on both sides of the border rescues Tip o' Texas from depression caused by citrus freeze, peso devaluation.

Two months ago, the southern tip of Texas was deep in its own private depression. All through the first half of the year, the lower Rio Grande valley had been hit by one calamity after another. Things looked bad.

This week, the Brownsville area was riding the crest of the wave. Explanation: a bumper crop of cotton, both in the Tip o' Texas itself and directly across the Rio Grande, in Mexico.

• **Freeze**—The first blow fell in January: A severe freeze in this usually semitropical area played havoc with the citrus crop, which is normally the backbone of the area's agricultural economy. When the big freeze came, the bulk of the crop was still on the trees. It was all lost, except for a little that could be salvaged for juice.

For a while, the farmers hoped that the cloudy days that followed the freeze would at least save most of their trees. They didn't. By February, some farmers were grubbing out their dead trees and planting new, young stock. Many others grubbed, too—but then planted the bare acres to cotton.

• **Peso Devalued**—The early summer brought a new set of troubles to the valley. First, the Mexican government stabilized the peso at 8.65 to the U. S. dollar (BW—Jun.25'49,p114). That was almost twice the 4.85 rate that had held for nearly a decade until Mexico cut the peso loose in July, 1948. And it was a good bit higher than the free, fluctuating rate that had been obtained during the intervening year.

That was fine for American tourists; they could get a lot more pesos for their dollars. But it also meant that Mexicans got a lot fewer dollars for their pesos. And on the border, a big part of the retail trade is done with customers from across the river.

• **Other Blows**—Fast on the heels of that blow, Mexico tightened its curbs on consumer-goods imports.

Finally, on June 25, the Valley State Bank, in San Juan, Tex., closed its doors.

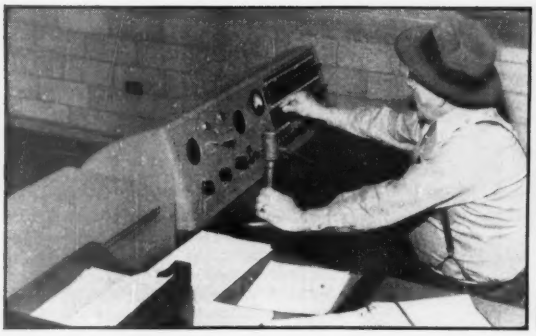
• **Cotton Harvest**—That was the low point. A couple of weeks later the cotton crop that farmers on both sides of the border had planted in February and March started to mature. By last week, some 400,000 bales of an estimated 500,000-bale crop on this side of the river had been harvested. Each bale brings around $175—plus about 870 lb. of cottonseed, which sells at from $32 to $45 a ton.

As the crop matured there was a scarcity of pickers. As in years past, Mexico would not permit its workers to cross the border, because of "discrimination." But, as in years past, the farmers got around that by hiring "wetbacks"—Mexicans who swim or otherwise cross the river without benefit of papers to make it legal.

• **Central Point**—Cotton from both sides of the river passes through Brownsville. From there, a lot of it goes out by ship to practically every country in the world. The rest moves out by rail. Mexican cotton moves through Brownsville because that port is much closer to the growing area than Tampico, the nearest Mexican port. Truck caravans, sometimes carrying as many as 1,000 bales at a time, move across the two international bridges at Brownsville (top picture). Nearly 50,000 bales crossed the river in the five weeks between July 1 and Aug. 6.

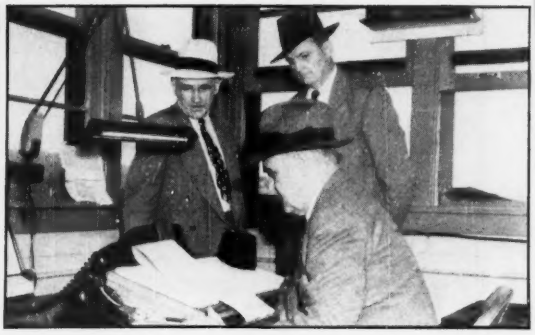
But bridges aren't the only places where cotton piles up. Gins have been running around the clock. Compresses are walled in by stacks of cotton waiting to be baled. Trucks wait in long rows at the port to unload. Bonded warehouses have been kept filled. Cotton ships in Brownsville harbor have been berthed double; have tied up at oil docks; have waited for days out at the bar for docking space.

• **Money to Spend**—The cotton harvest has meant a lot of new money flowing in the valley—both dollars and pesos. Though it still takes a lot of pesos to buy on this side of the river, the Mexicans now have more to spend.



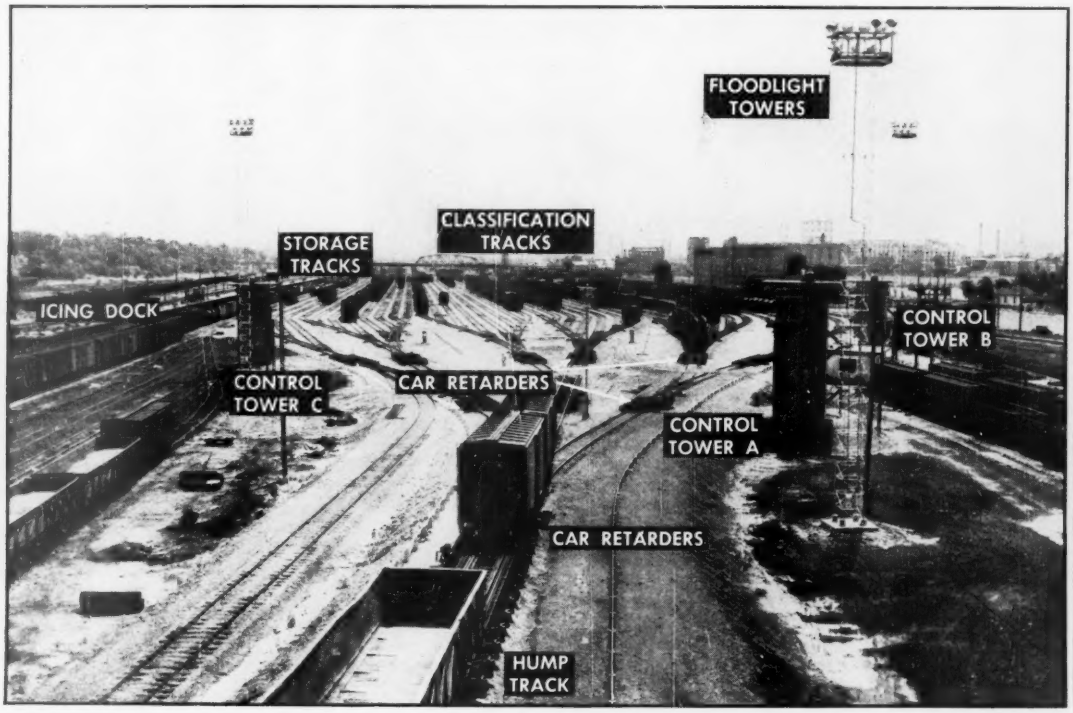
YARDMASTER sends incoming train to . . .

Two-way radio network stems out from office of assistant general yardmaster in Rock Island's new Kansas City car retarder freight yard



HUMPMASTER who releases cars . . .

From teletyped list, humpmaster controls freight classification. Subbing for humpmaster is Rock Island president John D. Farrington



FREE ROLLING two-boxcar "cut," followed by an empty gondola, speeds down hump. Switchman in tower A controls both, will pass them through lead tracks, checking their speed. Then tower B or C will take over, send cars to classification tracks

Rock Island Gets a New "Pushbutton"

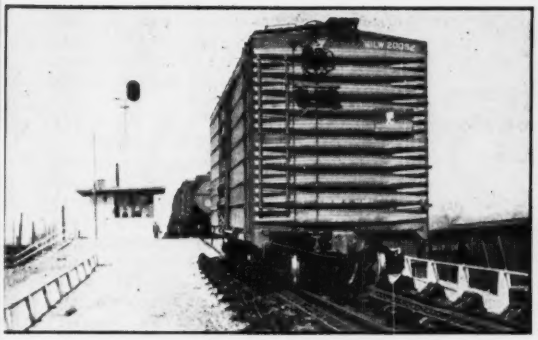
In Kansas City this week the Chicago, Rock Island and Pacific R.R. is putting the finishing touches on a brand new "car retarder" freight yard, its first.

For this mechanized 40-track layout, complete with two-way radio, automatic switches, and 10 pneumatic car retarders, Rock Island's bill is close to $2-million.

How does such a hefty investment, in just one freight yard, pay off? The Rock Island expects to get its money back in three ways. One is speed. Union Pacific R.R., a convinced user of car retarders, estimates that its mechanized gravity yards cut switching time in half.

A second saving is in claims. In mechanized freight yards cars get less banging around; more freight goes through undamaged. Last of all, fewer switching trainmen are needed. (And their jobs are a lot safer.)

Mechanized freight yards aren't new. Union Switch & Signal Co. installed the first car retarders in 1924—in Indiana



OVER THE HUMP to first of three . . .

First car retarder is on main hump track. At switchman's signal pneumatic pistons push side rails against car wheels, slowing the car



TOWER MEN who spot cars in yard

With his left hand tower man operates switches—with his right, car retarders. The more right hand turn, the more squeeze on car wheels



NIGHT DOESN'T STOP sorting of freight cars. Here seven boxcars are rolling. Closest two cars are still under control of tower A. Five powerful floodlights permit tower men to see all 40 tracks. Tower windows have windshield wipers for stormy nights

Freight Yard

Harbor Belt R.R.'s Gibson yard. But the idea grew slowly. Up to 1939 U. S. S., the pioneer in the field, had equipped only 19 yards.

But since then railroads have found the savings of automatic freight car classification too attractive to pass up. In 1948 railroads had 77 yards under construction. And that pace is continuing. Last year more money was spent on retarder-hump yards and other freight-yard modernization than on any other category of railroad capital investment.

How does a retarder yard work? It is simply a mechanized version of the long-popular hump yard. Cars still are released downhill into a fan of classification tracks. But brakemen no longer ride the cars and check their speed with hand brakes. Instead car retarders spotted in lead-in tracks do the job (see pictures). The retarders are sets of extra rails that squeeze the wheels of the car to slow it down. Pneumatic pistons apply pressure to the squeeze-rails, as much or as little as needed to drop to the desired speed.

Rock Island isn't going to wait to see how its first mechanized freight yard pays out. It has just announced plans for another and bigger one—a $3.6-million yard for Silvis, Ill.

Untangling the Pentagon

Robert Heller & Associates, management engineers, get contract to bring efficiency, economy to Dept. of Defense. More and more federal agencies are calling in such consultants these days.

If it has done nothing else, the Pentagon Building has come to personify the bureaucracy of official Washington. Like a modern catacombs, the headquarters of the U.S. military establishment daily produces hair-raising stories from victims who get lost in its intricate corridors.

• **Streamlining Job**—Probably little can be done to make it less necessary for a stranger to use compass and guide to find his way through the building itself. But last week a private company embarked on the job of straightening out at least the administrative catacombs in the Pentagon.

Robert Heller & Associates, Inc., management consultant engineers of Cleveland, Ohio, has a big job on its hands. It will survey the entire military establishment and make a report. The aim will be to put the operation of the new Dept. of Defense on a businesslike basis. Heller will lay out a plan for less bureaucracy, more efficient, cheaper operation.

• **Other Assignments**—This is by no means the first time the federal government has called in a management consultant firm to help it make order out of chaos. In 1919 Griffenhagen & Associates undertook what was probably the first big job of this kind: It did a study of the whole classification and compensation for government workers. Since then Griffenhagen has done more work in public administration than probably any other company.

But others have been in on government business, too. Wallace Clark & Co. did jobs for the State Dept., the Patent Office, and the Civil Aeronautics Authority. Cresap, McCormick & Paget is doing one for the Dept. of Internal Revenue now. The Trundle Engineering Co. straightened out a real mess for the Veterans Administration. And there have been many other such jobs by other companies. (There are at least 34 consulting management engineering companies in the U.S.)

• **More Money**—Most of these federal jobs have come in recent years—especially during and since the war. Before the war, few private companies would bid on government work because they would have to work at a tremendous financial loss. An old law limits the pay of any worker to $25 a day, while the really competent man draws from $75 to $100 a day. To get around this hurdle, government work is now done on a fixed-fee contract basis, with the money coming out of an appropriation. The work is still not so profitable as private jobs, but at least it is no longer done at a loss.

Besides federal jobs, management consultants also get a lot of work with state, and local governments. For example: Bigelow, Kent, Willard & Co. has done two jobs for the state of New Hampshire, is now doing one for the city of Concord. Today, probably 10% of all management engineering work is with government.

• **Business Architects**—Why do so many businesses feel the need for management consultants? For the same reason, in a sense, that you need an architect to help you build a house—living in houses all your life doesn't give you the talent to design one with maximum efficiency. By the same token, a management consulting firm is an expert in planning efficient administrative operation.

The management engineer aims to do the same thing on its assignments with government agencies. But the job here is a much tougher nut to crack. Robert Heller & Associates has discovered several reasons.

• **Different Problems**—In the first place, the government is a non-profit-making organization. Thus, it doesn't have the incentives that make for a tight operation.

Further, few department heads can operate the way they want to. They can't choose their personnel; it all comes through Civil Service. Hundreds of operations which would seem to be part of the department's job—such as purchasing—are done by outside agencies. Finally, there are no rewards but many penalties in most government supervisory jobs. That means faulty supervision because supervisors figure nothing but trouble will be gained by sticking their necks out.

But the government apparently feels that Heller, despite these obstacles, can be a big help in streamlining military administration. The firm already has a good reputation in Washington because of a study it made in 1944. That was a job on congressional streamlining, the result of which was an impressive Heller report called "Strengthening the Congress."

• **Crack Businessmen**—Heller is fussy about accepting new clients. The firm has so many requests that it picks only the ones it wants to work on. One reason for this reputation is that all of Heller's 50 associates are crack businessmen. No applicant for a job with Heller is even considered unless he has had eight or 10 years of successful business experience.

When the firm takes on a job, Heller puts in as project manager a member who is thoroughly familiar with the field to be covered. As many other men as needed are assigned to certain phases of the work. They are usually specialists in the particular jobs they are assigned to, but their work overlaps to some extent. This is intentional; the overlapping ties the work together.

• **Heller and Elmendorf**—Oddly enough, the man who directs this big operation has no business background other than management engineer. Robert Heller, now 50, began his career when he was still a Harvard University undergraduate in 1920. At that time he was associated with Prof. William Z. Ripley in the study of the government's return of the railroads to private operation. After his graduation, Heller became a consultant both to government and business—and has been at it ever since. He has done it with a great deal of success: He is reported to have made $1-million before he was 40 years old.

Today Heller relies heavily on the man directly under him, Francis L. Elmendorf, vice-president. About three years younger than Heller, he held several executive jobs with Cleveland companies after his graduation from Butler University in 1921. He joined Heller in 1933.

• **Another Plum**—The military has another big consultant plum which is still on the fire. This job is a personnel reclassification of the armed services. It will amount to handling about 10,000 new classifications for enlisted, warrant, and officer personnel.

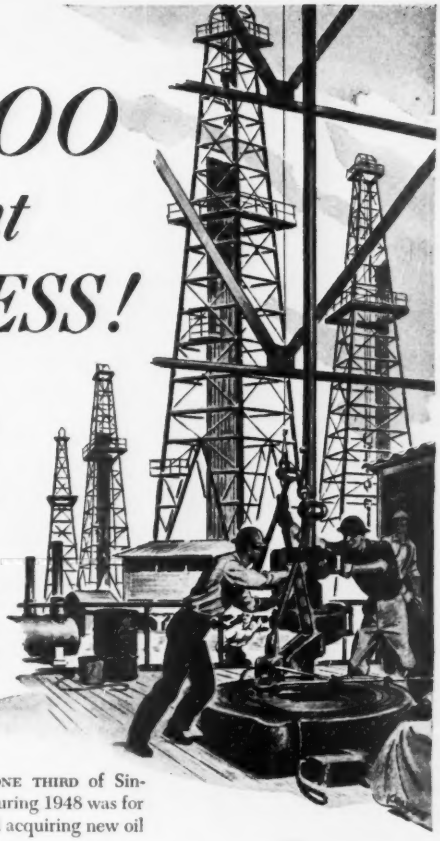
ORE CONSERVATION LAGS

Four months ago the Administration asked the steel industry to start conserving the dwindling reserves of rich iron ore in the Minnesota ranges. Best way of doing this was to beneficiate (up-grade) low-grade ore. The Administration promised it would get loans to help private industry build the necessary plants.

Oglebay-Norton & Co. of Cleveland is representing several steel companies who are interested in trying the beneficiation scheme. It needs $50-million to start building a plant. But the best terms it can get from Reconstruction Finance Corp. is a 10-year amortization.

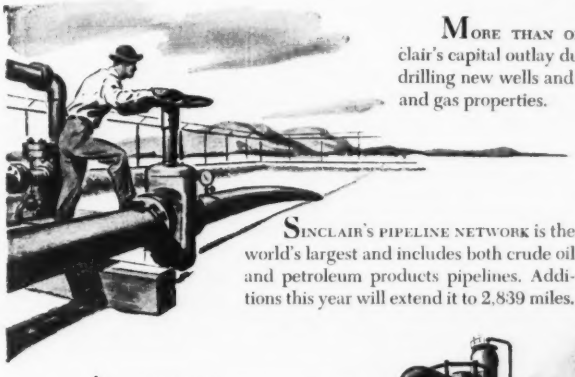
A bill is in Congress to do away with the maturity limit. But last week it was gathering dust on the Senate Banking and Currency Committee shelf. Ore conservation is at a standstill until it comes off.

$150,000,000 Down Payment on PROGRESS!



Over the past three years Sinclair has been engaged in a $150,000,000 expansion and modernization program. Now practically completed, the program reached its peak in 1948 when capital expenditures exceeded $99,000,000.

Plant improvement is a down payment on progress. Sinclair's improved plant foreshadows progress in three directions: greater production—better product—faster and more economical transportation of the product.



MORE THAN ONE THIRD of Sinclair's capital outlay during 1948 was for drilling new wells and acquiring new oil and gas properties.

SINCLAIR'S PIPELINE NETWORK is the world's largest and includes both crude oil and petroleum products pipelines. Additions this year will extend it to 2,839 miles.

A $33,000,000 MODERNIZATION program in 1948 enabled Sinclair to expand production, and reduce costs by concentrating operations in six great refineries.

More reasons why

SINCLAIR *is "A Great Name in Oil"*

SINCLAIR OIL
CORPORATION
630 Fifth Avenue · New York 20, N.Y.

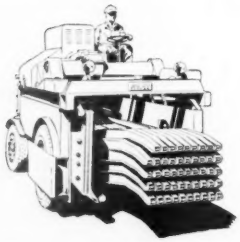


*Enterprise Wheel & Car Corporation, Bristol, Virginia

. . . they're a "SNAP" with ROSS lift trucks

Big, bulky loads can cause increased handling costs. But at Enterprise Wheel & Car Corporation such costs have been greatly reduced by a ROSS Lift Truck. It handles raw materials in 5-ton loads . . . sub-assemblies and completed assemblies . . . loads out shipments. In addition, it efficiently augments the yard crane . . . Says Mr. F. A. Jones: "We find the ROSS exceptionally valuable in that we can now store shorter-length materials in our general storage yard. This releases space under the crane for the extremely long structurals and bars which the crane handles."

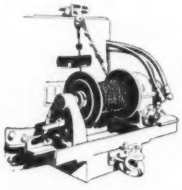
Investigate ROSS Lift Trucks (capacities 5,000 to 18,000 lbs.) for *your* plant . . . find out how they can become vital links in your materials-handling system . . . it will pay you.



ROSS CARRIERS . . . Speed transportation of long materials and unit-loads. Capacities, 10,000 to 30,000 lbs.

POWER-WINCH ATTACHMENT

Adds to versatility of ROSS Lift Trucks. Permits faster, easier spotting of railroad cars, moving of machinery, skidding of heavy loads. Fits all models.



Rely On ROSS

THE ROSS CARRIER COMPANY
300 Miller Street, Benton Harbor, Michigan, U. S. A.
Direct Factory Branches and Distributors Throughout the World

BUSINESS BRIEFS

The Toni Co. (a Gillette subsidiary) has agreed, at FTC urging, to drop from its ads any hint that the Toni twin's wave was done by herself or an amateur. FTC found that, although one twin did use Toni materials to get her wave, both twins' hairdos were fixed up by the same professional hairdresser.

•

Phoenix Iron Works, Phoenixville, Pa., have been sold to Barium Steel Corp. for $2-million by Kaiser-Frazer Corp., and will be reopened next month. K-F. bought the plant in January, when steel was short; closed it down when steel supply eased. The Phoenix Bridge Co. also changed hands in the deal; the price wasn't disclosed.

•

Northwest Airlines will ask CAB on Sept. 1 for permission to set up a three-class fare structure. It would retain the present 6¢ a mile on Stratocruiser flights and the present 4¢ a mile on coach flights, would introduce a new 5¢-a-mile rate for flights in DC-4's and Martin 2-0-2's, now also 6¢.

•

Permanente Metals will pay partly in kind for the three aluminum plants it bought from the government—24-million lb. of aluminum in lieu of the down payment and the first of 25 yearly instalments on the $36-million price. The government will also accept up to 40% of its stockpile requirements against future annual payments.

•

Three-way export deal: Cleveland's Dresser Industries ships oil- and gas-producing equipment to Argentina. Argentina ships wools and hides to Europe. Europe ships to the U. S. finished goods—which Dresser can market here—as payment for Dresser's shipment to Argentina.

•

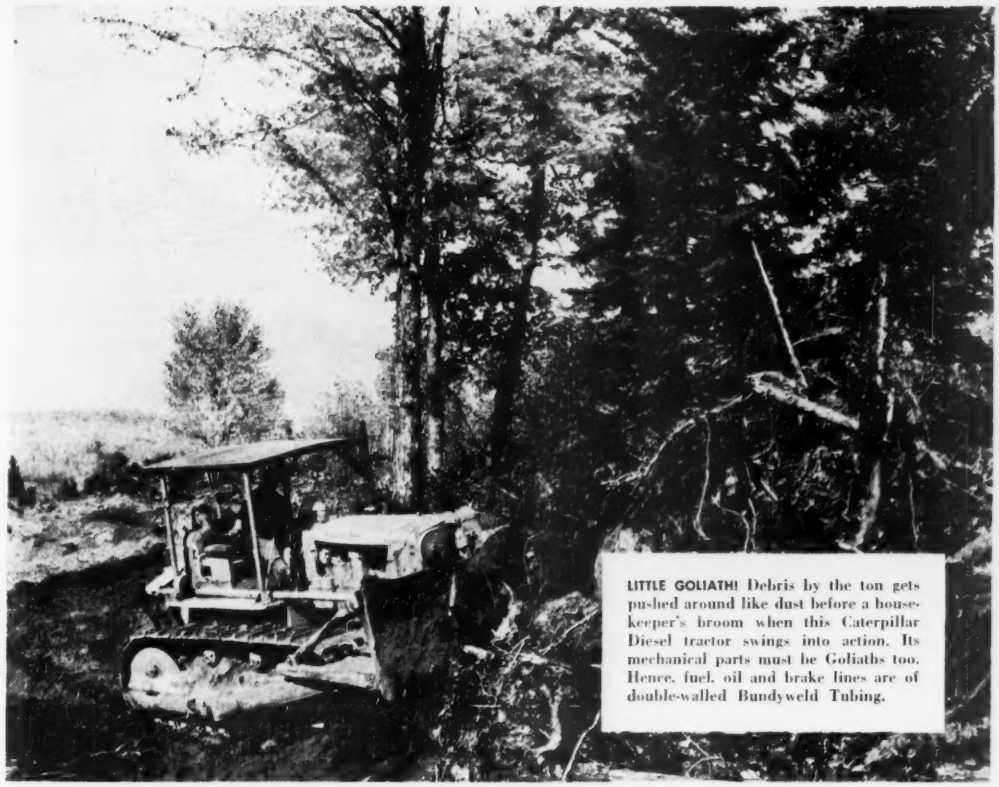
Currency laws have snagged another promotion scheme (BW—Aug.20'49, p74). Secret Service has seized the plates of imitation dollar bills being distributed by the Tax Equality League (Chicago), bearing anti-co-op propaganda.

•

C.B.S. made its first inter-city demonstration (Baltimore-to-Washington) last week of its color-television system. Purpose: to impress FCC.

•

Crown Manufacturers Assn. and 12 makers of the crimped-metal caps lost an appeal this week to the Fourth Circuit Court of Appeals in Richmond, against an FTC order. Part of the charge: The companies used a freight-equalization plan to arrive at identical prices (BW—Aug.28'48,p32).



LITTLE GOLIATH! Debris by the ton gets pushed around like dust before a housekeeper's broom when this Caterpillar Diesel tractor swings into action. Its mechanical parts must be Goliaths too. Hence, fuel, oil and brake lines are of double-walled Bundyweld Tubing.

Idea that clears the way for sales

There's no room for namby-pambies on a tough road-building job . . . either among crew or equipment. And this extra-sturdy bulldozer rates with the best for rugged, dependable performance through mountains, swamps, rockland and woods.

Credit for part of its reliable record, a big point in its sales, goes to the Bundyweld* Tubing extensively used for its fuel and pressure lines. For Bundy Tubing is a whizz at withstanding vibrations, strain and jolts day after day, as witness the fact that Bundyweld is in the hydraulic brake line systems of 95% of today's cars.

Whatever you make, tractors or trinkets, the *idea* of using Bundyweld Tubing somewhere along the line may well clear the way for extra sales. We've seen applications by the hundred that have increased a product's performance, improved design, cut production time or costs, or generally helped make a new product tick.

The only tubing that's double-walled from a single strip, Bundyweld is available in steel, Monel or nickel. It's extra-sturdy, lightweight, easily fabricated and readily bent without collapsing or weakening structurally. It's immediately available and the cost is low. In short, it's well worth checking into now. For help on any possible use of tubing, just call or write: *Bundy Tubing Company, Detroit 11, Michigan.*

WHY BUNDYWELD IS BETTER TUBING



Bundyweld Tubing starts as a single strip of basic metal, coated with a bonding metal.

It is continuously rolled twice laterally. Walls of uniform thickness assured by close-tolerance strip.

Bonding metal is completely fused to basic metal. Finished tube is strong, ductile, free from scale.

Standard sizes up to ⅝" O.D., in steel (copper or tin coated), Monel or nickel. Special sizes available.

BUNDY TUBING

ENGINEERED TO YOUR EXPECTATIONS

*REG. U. S. PAT. OFF.

Bundy Tubing Distributors and Representatives: ***Cambridge 42, Mass.:*** Austin-Hastings Co., Inc., 226 Binney St. • ***Chattanooga 2, Tenn.:*** Peirson-Deakins Co., 823-824 Chattanooga Bank Bldg. • ***Chicago 32, Ill.:*** Lapham-Hickey Co., 3333 W. 47th Place • ***Elizabeth, New Jersey:*** A. B. Murray Co., Inc., Post Office Box 476 • ***Philadelphia 3, Penn.:*** Rutan & Co., 404 Architects Bldg. • ***San Francisco 10, Calif.:*** Pacific Metals Co., Ltd., 3100 19th St. • ***Seattle 4, Wash.:*** Eagle Metals Co., 3628 E. Marginal Way ***Toronto 5, Ontario, Canada:*** Alloy Metal Sales, Ltd., 881 Bay St. • **Bundyweld nickel and Monel tubing is sold by International Nickel Company distributors in principal cities.**

Before choosing any printing paper . . .

Look at Levelcoat*



Illustrated here is a typical use of Levelcoat, not an actual booklet.

Look at Levelcoat . . . for brightness

See how a booklet sparkles with sales appeal . . . how each line of type stands out sharp and clear . . . on Levelcoat* paper. Compare this kind of reproduction with that of any other paper. You'll then see the difference . . . the *exciting* difference that Levelcoat brightness can make.

Look at Levelcoat . . . for smoothness

See how true is the reproduction of fine detail . . . how certain the kiss-impression printing . . . on Levelcoat paper. For only the most delicate "face powder" clays are used in the coating process. And this gives Levelcoat paper its satiny-smoothness . . . gives *you* distinctively uniform reproduction.

Look at Levelcoat . . . for printability

See how smoothly this fine paper runs through a press . . . how dependably it performs, ream after ream. For among other qualities, Levelcoat paper excels in Pick-Resistance to help prevent time-consuming stoppages. That's why Levelcoat is preferred by printers for efficiency and economy.

IT PAYS TO LOOK AT LEVELCOAT

Levelcoat® PRINTING PAPERS

Levelcoat printing papers are made in these grades: Trufect, Multifect*, and Rotofect*.*

A Product of Kimberly-Clark Research

KIMBERLY-CLARK CORPORATION, NEENAH, WISCONSIN

*T. M. REG. U. S. PAT. OFF.

MARKETING

Giveaways Down, Not Out

Broadcasting industry arms to fight ban on giveaway shows. Companies deny shows are lotteries, and they say decision is not in FCC's jurisdiction anyway. ABC leads move to take case to courts.

The Federal Communications Commission answered a jackpot question of its own last week. The answer broke the bank for most radio and TV giveaway programs.

• **Q. and A.**—The question: Are giveaway programs lotteries? FCC took almost a year to make up its mind (BW—Oct.23'48,p23). Then in a 3-to-1 decision it ruled: Yes, giveaways are lotteries; therefore, under the Criminal Code, they cannot legally be broadcast. It banned them as of Oct. 1.

After that date, the commission will not renew the three-year broadcast licenses of any radio station carrying such programs. But it will not take action against a station broadcasting the prohibited shows until the license comes up for renewal.

• **Arming**—This week numerous radio and TV broadcasters were girding for a finish fight to save their profitable programs from the FCC guillotine. It looks as if an appeal will be filed in a U. S. District Court. And with good reason.

At stake are sales of broadcast time running to many times the estimated $3.5-million handed out to listeners.

Four major networks alone are carrying a total of 38 giveaways, occupying $650,000 worth of air time each week. This figure is only for the value of air time; it doesn't include talent and production costs. Money and prizes amount to an additional $185,000 each week.

• **Spelled Out**—Here, in more detail, is where the FCC ban hits.

The ruling considered a program a lottery if it awards a prize of value to any persons whose selection is dependent in whole or in part upon chance, under these conditions:

(1) If the winner is required to furnish money or something else of value, or to have in his possession a product manufactured or distributed by the sponsor of the program.

(2) If the winner is required to be listening to or viewing the program.

(3) If the winner is required to answer correctly a question, the answer to which is provided on the program.

(4) If the winner is required to answer the telephone in a prescribed manner or write a letter containing a particular phrase, if the essential material has been broadcast over the station.

• **Who Are Hit**—Of the four major networks, American Broadcasting Co. (ABC) has the largest number of giveaway programs, 13. Mutual Broadcasting System has 10; Columbia Broadcasting System has 8; and the National Broadcasting Co. has 7. The shows are carried over about 500 to 600 stations.

• **Industry Reaction**—First to take up the challenge was ABC. ABC plans to fight the FCC ban in the courts.

A spokesman for MBS said the FCC ruling did not appear to affect the network's big giveaway, "Queen for a Day" (Miles Laboratories, Inc., and Philip Morris), or other prize shows in which prizes go only to persons present at the broadcast.

NBC withheld comment pending further study.

• **CBS' View**—Frank Stanton, CBS president, said the FCC's authority to impose the ban is open to question.

"Although CBS has only two sponsored network programs which appear to be affected," he said, "Columbia intends to join with other broadcasters in seeking a judicial review of these rules."

• **Grounds**—Broadcasting industry circles pin their hopes on two lines of argument:

(1) Industry sources in New York deny that the giveaway constitutes a lottery, because, they say, the listener risks nothing of value, loses nothing.

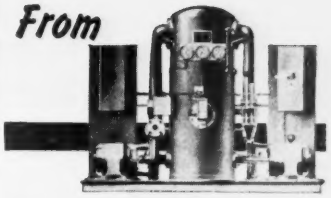
(2) Anyway they deny that the FCC has the authority to enforce lottery regulations.

On Sept. 1, 1948, Congress took the lottery section out of the Communications act, put it into the Criminal Code. This, the industry feels, pulled FCC's teeth; only Justice Dept. can act.

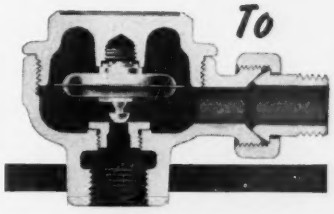
A decade ago the Dept. of Justice refused to act against the "Pot o' Gold" program when FCC asked it to.

FCC was able to drive that show off the air itself, but at that time the lottery ruling was clearly within FCC's bailiwick. And about a year ago, FCC knocked out the "Dollars for Answers" program.

• **N.A.B. Speaks**—The broadcasters' own trade association, the National



VACUUM PUMPS



THERMOSTATIC TRAPS

Dunham heating products assure more heat at less cost; longer years of maintenance-free service . . . because they're precision-engineered by heating specialists to do a specific job.

Dunham pumps, for example, are specially designed to rapidly remove air and condensate. Installed in a heating system, they provide complete and positive steam circulation throughout the entire building. Available in a full range of sizes to meet the most varied heating demands, each Dunham pump is ready for operation on delivery.

You'll find this same fine performance in Dunham thermostatic traps and other steam specialties, unit heaters, cabinet and baseboard convectors. For back of every Dunham product stands nearly a half century of leadership in the heating field. For complete information, write for Bulletin 634-B. C. A. Dunham Co., 400 W. Madison St., Chicago 6, Ill. *In Canada:* C. A. Dunham Co., Ltd., Toronto. *In England:* C. A. Dunham Co., Ltd., London.

DUNHAM HEATING PRODUCTS

work better last longer

DUNHAM

HEATING MEANS BETTER HEATING

It pays to use your custom molder's know-how

Say Admiral officials, who think BIG in production, sales—and plastics



No. 9 in a series on Plastics Skill at Work...



PROJECT
One-piece cabinet for floor model television set

CUSTOMER
Admiral Corporation Chicago, Illinois

MOLDER
Molded Products Corporation

MATERIAL
High grade phenolic molding compound

WORLD'S LARGEST (35 lb.) compression-molded television cabinets are produced in six minutes. Recently developed low-pressure molding materials open new possibilities in molding larger one-piece units.

LOWER SELLING PRICE results from elimination of many finishing operations necessary with other materials. This big television housing comes from mold ready for assembly, has integral lustrous finish.

To give its dealers a tremendous selling edge with the lowest priced console television receiver ever offered, Admiral Corporation had the courage to order the largest phenolic plastic molding ever made in this country.

Weighing no less than 35 pounds as it comes from the mold, this job has design and production implications for manufacturers in many fields outside of radio-television. The use of phenolic material enabled Admiral to eliminate many expensive hand-finishing operations. As a result its costs were cut, sets turned out faster, and big savings passed on to the retail customer through lower prices. Sales are soaring.

The consulting firm and molder of the new console is Molded Products Corporation, who undertook this difficult assignment after balancing all risks against their own skill with plastics. Long familiar with the qualities of Durez phenolic molding compounds, they chose a phenolic material for dimensional stability, glossy finish, light weight, and low cost . . . which are all-important considerations in many product plans today.

When you want the right material for the right job, plan on using a Durez phenolic. Call on the experience of your Durez field man, who can join you and your molder in planning-sessions.

Durez Plastics & Chemicals, Inc., 408 Walck Road, North Tonawanda, N.Y.

DUREZ — PHENOLIC RESINS — MOLDING COMPOUNDS — INDUSTRIAL RESINS — PROTECTIVE COATING RESINS

PHENOLIC PLASTICS THAT FIT THE JOB

Assn. of Broadcasters, is unhappy about the whole thing. Its president, Justin Miller, said last week that N.A.B. Standards of Practice condemn "broadcasting designed to 'buy' the radio audience." But there are no punitive measures to back its condemnation. And Miller's blood pressure went up when the FCC decided it could define the U. S. Criminal Code.

• **Two Chances**—The broadcasters have two possible roads open to block FCC. One is that FCC might reverse its decision—especially since three FCC members were absent when the rule went through. The more likely road is to appeal to the federal courts.

• **Man on Street**—Meanwhile, reaction from outside radio circles to the FCC ban was mixed. At the advertising agency level, Mark Goodson, of the Goodson-Todman agency, New York, a co-producer of "Stop the Music," "Hit the Jackpot" (De Soto-Plymouth Dealers of America), and "Winner Take All" (Lever Bros.), said: "We don't feel we're doing anything illegal or harmful. We feel millions of listeners will be far more indignant than we are."

A New York press agent had another angle. "I myself regard them as a bane and an abomination," he said. "But the kind of people who try to win money on this kind of lottery should have an opportunity to do it."

MARKETING BRIEFS

Easier credit terms on appliances are being offered by Sears, Roebuck and Montgomery Ward in their retail stores. Terms: $5 down on items costing up to $200; $10 down on items costing over $200; 24 months to pay.

•

June weddings boosted jewelry-store sales $7-million over May. But the Commerce Dept. says that June's estimated total of $87-million in sales was still $16-million below June, 1948.

•

To lure movie patrons, a group of Hollywood producers has dreamed up an idea for boxoffice charge accounts. Patrons would be issued credit cards, get a monthly bill from the theater.

•

Lower coach fares will be filed Sept. 1 by National Airlines with the CAB. They would cut the current rate of 6.2¢ a mile on flights between New York, Washington, Jacksonville, and Miami to 4¢.

•

Banning liquor advertising on radio is not within its power, says FCC. But it points out that the "public interest" clause in its rules keeps such advertising off the air in states where it's against the law to sell or advertise liquor.



The air is yours... **use** it for shipping perishables...

Air deliveries are making possible a revolutionary development in business expansion.

Flowers and fashions, seafood and fruit, pharmaceuticals, baby chicks and news film—these and countless other perishable commodities are being rushed by air every day to markets hundreds of miles away. Local stores everywhere can now supply their customers with foods as fresh, styles as up-to-the-minute, as those on sale at the smartest shops in the biggest cities!

Not only perishables, but hundreds of other items are included in the three million ton-miles of air freight moving every week.

Whatever *your* business—manufacturing, distributing, or farming—the air is yours to use, to help you reach your markets at their peak—increase your volume—make profits more certain.

Air Freight—Air Express—Air Parcel Post—Air Mail.

The nearest airline representative will gladly study your problems and show you which of the flexible forms of air delivery can best help you solve them.

UNITED AIRCRAFT
Corporation
EAST HARTFORD, CONNECTICUT

Manufacturers of
PRATT & WHITNEY ENGINES ★ CHANCE VOUGHT AIRPLANES
HAMILTON STANDARD PROPELLERS ★ SIKORSKY HELICOPTERS

Air power is peace power, and the airlines are an important factor in American air power. United Aircraft supplies high-performance aviation equipment to every leading airline as well as to all our Armed Services.



PAPER can . . .

- IMPROVE PRODUCTS
- INCREASE PRODUCTION
- REPLACE MORE EXPENSIVE MATERIALS
- REDUCE COSTS

Let our paper engineers analyze your problem . . . if a specialized paper is the solution, Central can design and build it.

50 YEARS OF LEADERSHIP

1899 CENTRALINE 1949

REG. U.S. PAT. OFF.

CENTRAL PAPER COMPANY INC.
2462 Lakeshore Drive • Muskegon, Michigan
BRANCHES IN LEADING CITIES

PERSONAL
to the
81.8%
Who Rate Skirvin Services
Not Average, but . . .
GOOD & EXCELLENT*

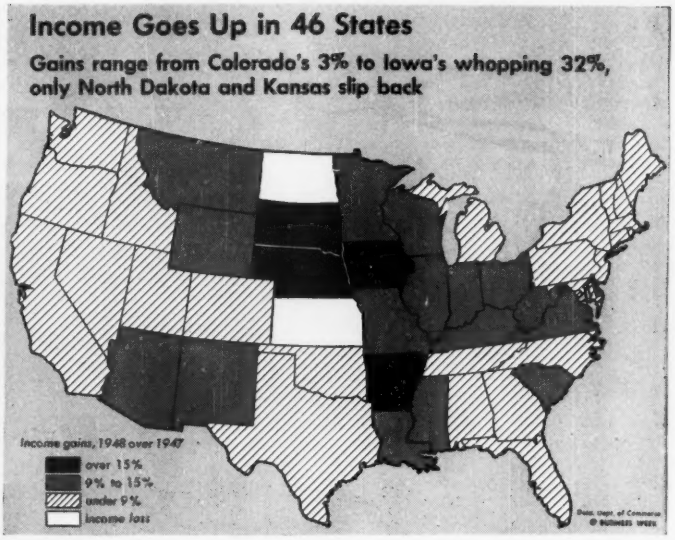
*Determined by recent survey



We appreciate your visits . . . and we would like to show you . . . and your friends . . . that our newly-decorated rooms, delicious food and superior service are even better now! Coming back soon?

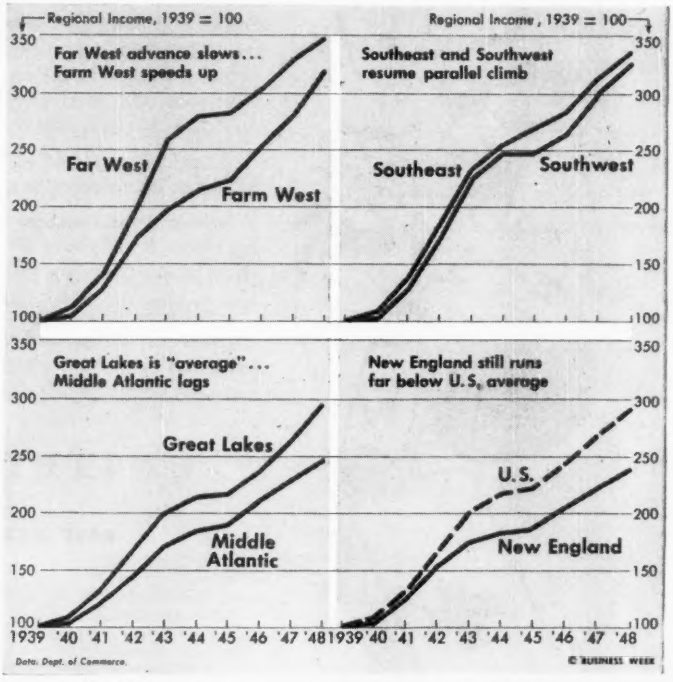
Skirvin HOTEL
Dan W. James, Pres.

OKLAHOMA CITY, OKLA.
Hospitality Heart of the State.
600 rooms from $3.50!

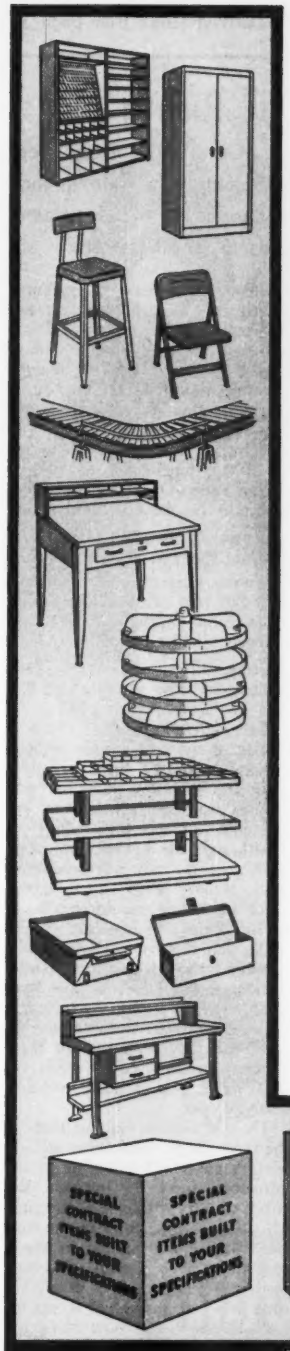


More Money Everywhere

Income payments last year rose in all but two states. Increase was distributed more evenly than during the war.



ALL REGIONS registered income gains last year (TURN TO PAGE 36)

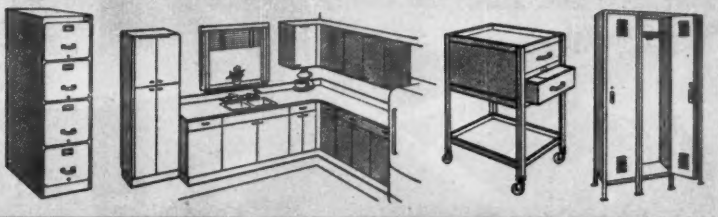


LYON

No. 1 source of supply for STEEL EQUIPMENT

LYON METAL PRODUCTS, INCORPORATED

General Offices: 810 Monroe Avenue, Aurora, Illinois • Branches and Dealers in All Principal Cities



A PARTIAL LIST OF LYON PRODUCTS

• Shelving	• Kitchen Cabinets	• Filing Cabinets	• Storage Cabinets	• Conveyors	• Tool Stands	• Flat Drawer Files
• Lockers	• Display Equipment	• Cabinet Benches	• Bench Drawers	• Shop Boxes	• Service Carts	• Tool Trays
• Wood Working Benches	• Hanging Cabinets	• Folding Chairs	• Work Benches	• Bar Racks	• Hopper Bins	• Desks
• Economy Locker Racks	• Welding Benches	• Drawing Tables	• Drawer Units	• Bin Units	• Parts Cases	• Stools

• Tool Boxes
• Sorting Files
• Revolving Bins

Time's up!

Mankind dares not park on Complacency Street any longer. It's time to get in gear!

The facts are plain. While the world's population is increasing (a net gain of 200 million since 1940), the productivity of the land which feeds the millions shrinks each year, through misuse and neglect. Today, there are less than two acres of tillable land to feed each person on the earth!

Does this mean ultimate starvation?

Not if the land produces MORE. Spencer Chemical Company agronomists have done much to prove the power of modern fertilizer techniques to help build agricultural production. And farmers have been quick to avail themselves of the nitrogen which Spencer produces. This year, through better farm practices and nitrogen, farmers will step up their expected yields by millions of bushels.

Yes, it's late—but the soil will yet feed mankind . . . if mankind feeds the soil!



SPENCER®

SPENCER CHEMICAL COMPANY
Executive and Sales Offices:
Dwight Bldg., Kansas City 6, Mo.

FOR INDUSTRY AND AGRICULTURE
Ammonium Nitrate Fertilizer—SPENSOL (Spencer Nitrogen Solutions)—Commercial Grade Ammonia—Aqua Ammonia—Cylinder Ammonia—83% Ammonium Nitrate Solution—Synthetic Menthanol—Formaldehyde—FREZALL (Spencer Dry Ice)—Liquid Carbon Dioxide.

INCOME (con't. from page 34)

Still Rising

Commerce Dept. reports 8.9% average gain in income payments in 1948. Figures offer clues to 1949 pattern.

Sales executives throughout the country this week were busy reviewing their regional sales quotas and marketing plans. Stimulus: the Commerce Dept.'s statistics on state-by-state income payments in 1948. They were released in this month's Survey of Current Business, in an article by Charles F. Schwartz and Robert E. Graham, Jr., of the department's staff.

• **Two Facts**—Over-all, there are two important conclusions to be drawn:

THE RISE IN INCOMES, which started before the war, is still going on.

THE WIDE VARIATIONS between regions in the rate of rise, which were so noticeable during the war, have largely disappeared.

• **Increase**—Total income payments in the country rose from $189-billion in 1947 to $206-billion last year, an increase of 8.9%. Each of the major regions of the country also showed an increase; although these varied somewhat, the variations were not so wide as they were during the war (charts, page 34).

Although the figures apply only to 1948, careful study will produce many clues about 1949 performance—on which marketing strategy can be based.

• **The Farm West**—Take the farm states, for instance. These ten states between the Mississippi and the Rockies scored the top gain last year among the regions. But this year, farm incomes have dropped more sharply than other incomes, due to the slide in farm prices. Thus, much of the area's 1948 gain is likely to be wiped out this year.

There's another factor that affects the farm states: Commerce includes inventory gains and losses in its income estimates. Iowa, for instance, led the entire country with a 32% income gain. This state is the center of the corn-hog area. Commerce figured in the farmers' bumper corn crop in computing income. But actually, much of the corn was not marketed; it was fed to hogs that are only now being sent to market. So some of the income that Commerce reported for Iowa in 1948 is actually being realized in 1949.

• **The Far West**—Another clear regional trend appears in the Far West:



send your worry bird to CRUCIBLE

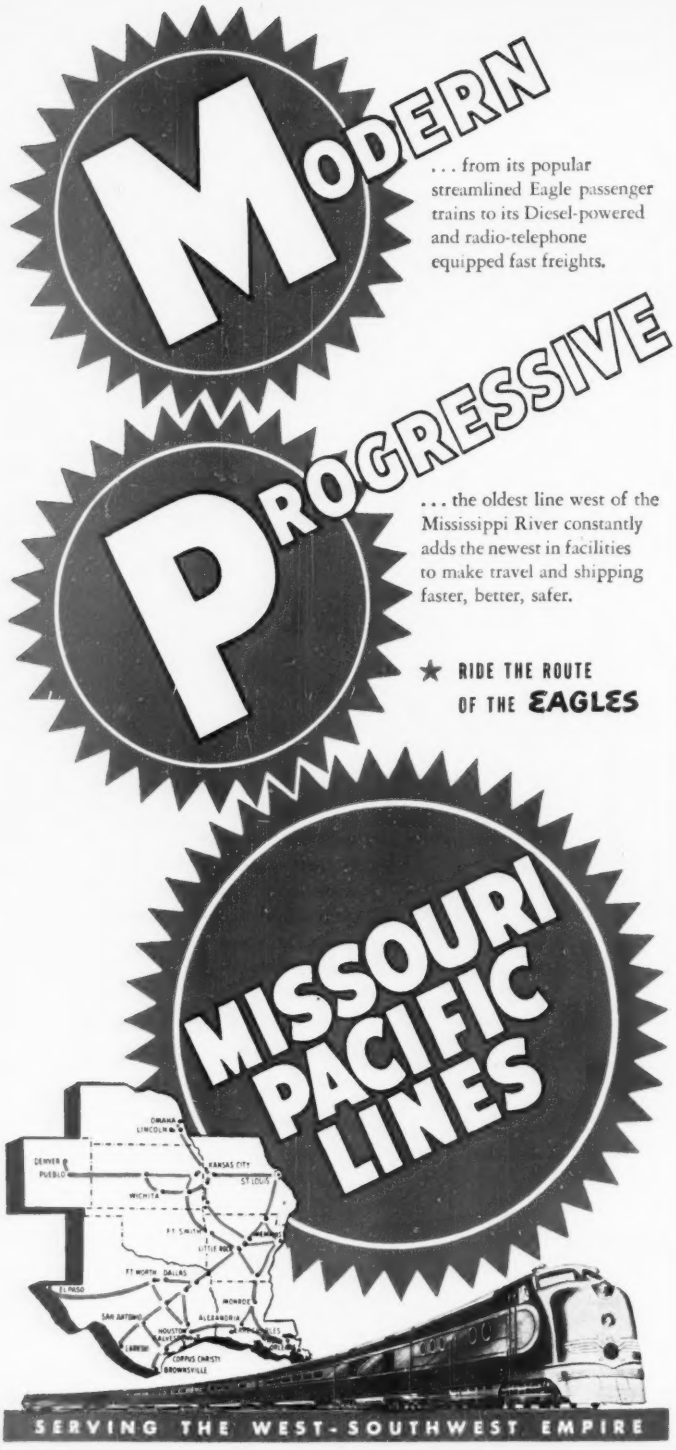
There's less need to worry about tomorrow's specialty steel needs. For now, using Crucible's Warehouse Service, you can buy special purpose steels when you need them and conserve your cash. Let Crucible carry the load. And you get on time delivery, because Crucible has stocked 23 warehouses and pools with an $8,000,000 stockpile to serve your requirements. Ask our nearest warehouse for Stock List No. 2B. CRUCIBLE STEEL COMPANY OF AMERICA, Chrysler Building, New York 17, New York.

Complete Stocks Maintained of High Speed Steel . . . ALL grades of Tool Steel (including Die Casting and Plastic Die Steel, Drill Rod, Tool Bits and Hollow Drill Steel) . . . Stainless Steel (Sheets, Bars, Wire, Billets, Electrodes) . . . AISI Alloy, Machinery, Onyx Spring and Special Purpose Steels.

CRUCIBLE first name in special purpose steels

WAREHOUSE SERVICE

Branch Offices and Warehouses: ATLANTA · BALTIMORE · BOSTON · BUFFALO · CHARLOTTE · CHICAGO · CINCINNATI · CLEVELAND DENVER · DETROIT · INDIANAPOLIS · LOS ANGELES · MILWAUKEE · NEWARK · NEW HAVEN · NEW YORK · PHILADELPHIA · PITTSBURGH PROVIDENCE · ROCKFORD · SAN FRANCISCO · SEATTLE · SPRINGFIELD, MASS. · ST. LOUIS · SYRACUSE · TORONTO, ONT. · WASHINGTON, D. C.



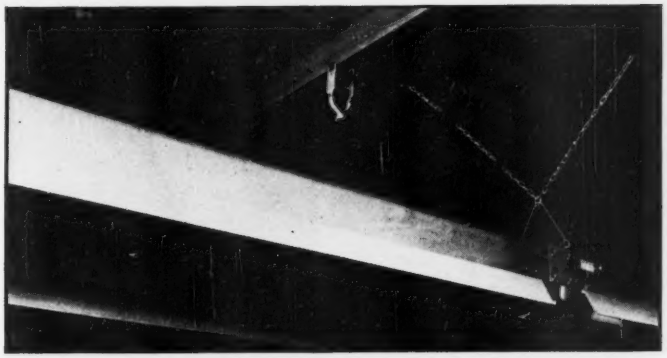
Income there shot far ahead of the rest of the country during the war. But since the war, the area's income has been rising more slowly than the national average. Again last year, all of the big Far West states showed a less-than-average gain. This is important to marketers—even though, over the entire past decade, the Far West still boasts the biggest income rise.

Other important points revealed by the new figures: New England continues to lag well behind the national average; the Middle Atlantic states also lag, though not so badly; the Great Lakes states did better than average last year, and will probably do so this year.

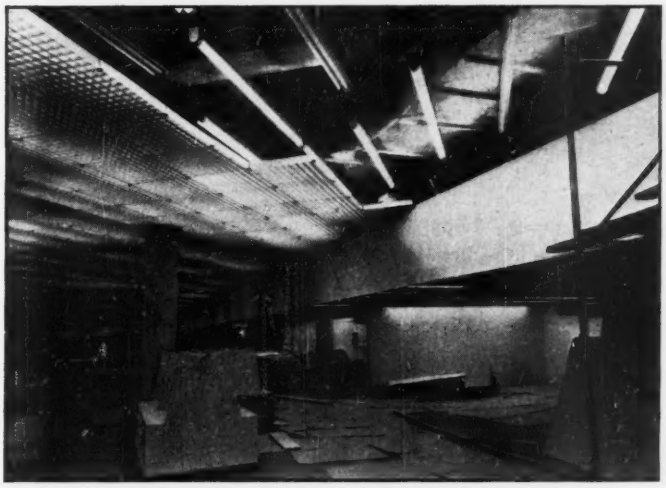
Per Capita Income

Because of population shifts, state-by-state variations in per capita income vary from those in total income. Here are the per capita figures for 1947 and 1948, and the percent gain or loss:

	1948 Rank	Per Capita Income 1948	1947	% Change
Ala.	46	$891	$844	+ 5.6%
Ariz.	35	1,168	1,135	+ 2.9
Ark.	48	863	751	+14.9
Calif.	8	1,651	1,657	− 0.3
Colo.	23	1,429	1,447	− 1.2
Conn.	5	1,700	1,618	+ 5.1
Del.	4	1,741	1,622	+ 7.3
D. C.	6	1,691	1,632	+ 3.6
Fla.	37	1,137	1,140	− 0.3
Ga.	42	971	925	+ 5.0
Idaho	30	1,252	1,306	− 4.1
Ill.	2	1,817	1,602	+13.4
Ind.	24	1,403	1,274	+10.1
Iowa	16	1,491	1,133	+31.6
Kan.	28	1,291	1,285	+ 0.5
Ky.	45	909	847	+ 7.3
La.	41	1,002	910	+10.1
Me.	33	1,219	1,151	+ 5.9
Md.	13	1,546	1,454	+ 6.3
Mass.	14	1,509	1,421	+ 6.2
Mich.	17	1,484	1,425	+ 4.1
Minn.	26	1,353	1,215	+11.4
Miss.	49	758	681	+11.3
Mo.	25	1,356	1,190	+13.9
Mont.	3	1,791	1,677	+ 6.8
Neb.	18	1,473	1,233	+19.5
Nev.	7	1,679	1,860	− 9.7
N. H.	29	1,261	1,156	+ 9.1
N. J.	9	1,605	1,540	+ 4.2
N. M.	39	1,125	1,048	+ 7.3
N. Y.	1	1,891	1,747	+ 8.2
N. C.	44	930	896	+ 3.8
N. D.	18	1,473	1,654	−10.9
Ohio	12	1,548	1,426	+ 8.6
Okla.	40	1,029	959	+ 7.3
Ore.	27	1,302	1,284	+ 1.4
Pa.	21	1,444	1,333	+ 8.3
R. I.	11	1,564	1,491	+ 4.9
S. C.	47	865	789	+ 9.6
S. D.	10	1,577	1,367	+15.4
Tenn.	43	955	911	+ 4.8
Tex.	34	1,192	1,164	+ 2.4
Utah	31	1,231	1,208	+ 1.9
Vt.	32	1,229	1,142	+ 7.6
Va.	36	1,159	1,083	+ 7.0
Wash.	20	1,454	1,419	+ 2.4
W. Va.	38	1,133	1,042	+ 8.7
Wis.	22	1,443	1,340	+ 7.7
Wyo.	15	1,494	1,458	+ 2.5
U. S.	..	**1,410**	**1,319**	**+ 6.9**



FLUORESCENT FIXTURE hung on chains gets power from plug-in trolley ducts in . . .



"ADJUSTABLE" LIGHTING SETUP at Herpolsheimer's new store. It is . . .

Designed for Flexibility

Fluorescent lighting fixtures hang from channels in ceiling, get their power from trolley ducts. Thus, they can be hung anywhere, in any position. Over-all louvers mask entire installation.

You don't always want the same lighting in your plant or store. Sometimes you would like to use different intensities, unusual light patterns or concentrations, or some special type of ceiling diffusion. But it's usually a pretty tough job; you have to shift semipermanent fixtures, arrange for extra service outlets, maybe do some ceiling alteration work.

This problem arises from time to time in any industry—for example, when machine lines are to be relocated in a factory. In a department store, the problem is particularly acute; interior displays are changed at regular intervals, and each may require different lighting treatment to be fully effective.

• **Solution**—Herpolsheimer's spanking new department store in Grand Rapids, Mich., has an interesting solution to the problem of "adjustable" lighting. The solution was worked out jointly by George Ely, architect for Allied Stores Corp., and lighting engineers from Sylvania Electric Products Co.

The ceiling is of the over-all louver type, in which aluminum "eggcrate" louvers form a false ceiling. Above the



This will do it!

GRANTED the lifting job is tough! Installations difficult! Conditions hard on men and hoist alike since loads are capacity or near-capacity all day long! Breakdowns are frequent with production slowed up all over the place.

If that's the picture in your plant, you need a 'Load Lifter' Electric Hoist. 'Load Lifters' are heavy-duty hoists, so ruggedly constructed they'll tackle the toughest lifting job within their capacities. Tackle and lick it—for a 'Load Lifter' will lift capacity loads many times an hour every hour in the day.

'Load Lifter' Hoists require very little attention—superior construction and special mechanical features built into the hoist reduce hoist service to a minimum to give you dependable, all-year round performance.

You may have other reasons for wanting an electric hoist but, whatever they are, a 'Load Lifter' is the least expensive to buy and use.

'Load Lifter' Electric Hoists are built with lifting capacities of 500 to 40,000 lbs. in all combinations required for industrial needs. They are adaptable to almost every working condition within their capacities. Send for Catalog No. 215.

MAXWELL MM MANNING MOORE TRADE MARK

'LOAD LIFTER' *Hoists*

MANNING, MAXWELL & MOORE, INC.
MUSKEGON, MICHIGAN

Builders of 'Shaw-Box' Cranes, 'Budgit' and 'Load Lifter' Hoists and other lifting specialties. Makers of 'Ashcroft' Gauges, 'Hancock' Valves, 'Consolidated' Safety and Relief Valves, 'American' Industrial and 'Microsen' Electrical Instruments.



Household's home families are the three-meals-at-home kind. Dad and the kids come home for lunch. Mother entertains at home. All in all, 7,000,000 people eat 21,000,000 meals a day in Household homes! No wonder that—

Household's home editorial is 18% on food. Last year, Household printed 527 food ideas, 513 recipes—mentioned 2,898 cooking ingredients.

Home families, home editorial. For *any* home product, that's the *profit combination!* Household concentrates where other magazines do not—in the high-spending communities under 25,000 population. And Household does it at the *lowest cost per page per 1,000:* four colors, $3.20; black and white, $2.40.

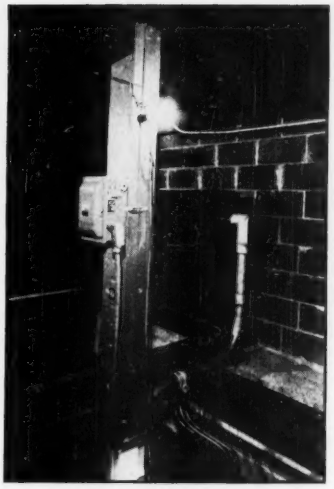
HOUSEHOLD'S *profit combination*

HOME FAMILIES *plus* **HOME EDITORIAL**

★ 2,107,586 reader families
★ 3,764,000 primary adult readers
★ 2,635,789 children
★ Women 81% housewives
★ Families 62% home owners
★ 87% with gardens
★ Eat three meals a day at home
★ 82% in communities under 25,000

★ Food.....18%
★ Home building & modernization.14%
★ Home furnishing & management 20%
★ Gardening.....8%
★ Child care.....8%
★ Beauty, fashion.....5%
★ Fiction, inspirational, community improvement.....20%
★ Miscellaneous.....7%

HOUSEHOLD
Topeka, Kansas



CONTROLS AND SERVICES at Herpolsheimer's are housed in four vertical "cores" that run the height of the building

louvers hang fluorescent fixtures which are "plugged in" to a trolley-duct system that carries the electric power. The louvers are made up in 32x32-in. modules, suspended from adjustable rods at four points.

• **Advantages**—With this kind of lighting system, Herpolsheimer's can: (1) easily shift the position of the chain-hung fluorescent fixtures by plugging them into the duct wherever desired; (2) get at the lighting equipment and various service wires quickly, without ruining the remainder of the ceiling; and (3) save money on installation.

It's easy to shift the fixtures because they hang on chains from channels imbedded into the concrete slab that forms the next floor. (These channels also support the louvers and the store's sprinkler system.) The trolley ducts—up to now used principally in factories to provide a continuous "outlet" for power tools—run across the ceiling on 16-ft. centers. Each fixture is plugged separately into the duct, and can be turned on and off individually.

• **No Dust**—Dust-catching is not a major problem. For one thing, the louvers are coated with a plastic resin that resists dust collection. And the air-conditioning system in the store operates at a slight pressure to sweep off dust that does collect on the louvers.

Other advantages: It's possible to take down the entire lighting installation and set it up in another location. The louver-hangers are adjustable, so it's easy to change the height of the interior ceiling.

• **Cost Factors**—"Flexi-Module" offers several opportunities for savings. Among them:



1 **1770**—Improvement of livestock by selective breeding boosted milk output . . . encouraged dairy farming. City folk now began to sample this wonderful beverage. But harmful bacteria in milk caused sickness, spread disease.

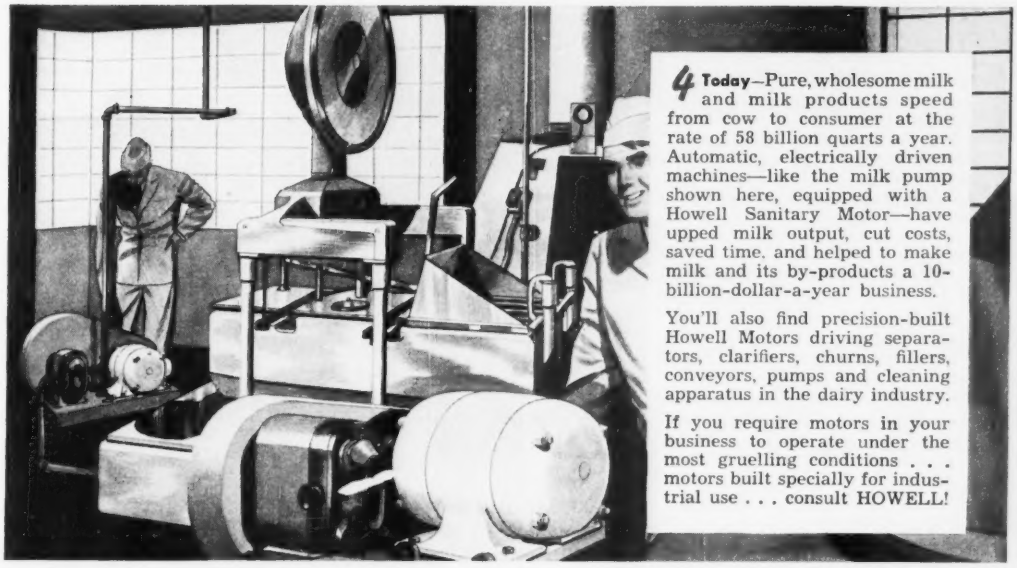


2 **1864**—France's Louis Pasteur won world acclaim by discovering how to rid milk of impurities. Milk soon became an important source of food. Vitally needed was electrical horsepower to speed it from farm to consumer.



3 **1915**—The year Howell Electric Motors arrived also marked the widespread use of the automatic rotary bottle filler and capper in the dairy industry. Soon, these rugged, industrial type motors were widely sought in many industries.

MILK . . . 58 BILLION QUARTS ANNUALLY!



4 **Today**—Pure, wholesome milk and milk products speed from cow to consumer at the rate of 58 billion quarts a year. Automatic, electrically driven machines—like the milk pump shown here, equipped with a Howell Sanitary Motor—have upped milk output, cut costs, saved time, and helped to make milk and its by-products a 10-billion-dollar-a-year business.

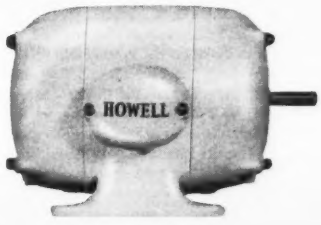
You'll also find precision-built Howell Motors driving separators, clarifiers, churns, fillers, conveyors, pumps and cleaning apparatus in the dairy industry.

If you require motors in your business to operate under the most gruelling conditions . . . motors built specially for industrial use . . . consult HOWELL!

Free enterprise encourages mass production, supplies more jobs—provides more goods for more people at less cost.

SANITARY MOTOR

For dairy and food processing industries. Complies with latest 3-A Sanitary Specifications.



HOWELL MOTORS

HOWELL ELECTRIC MOTORS CO., HOWELL, MICH.

Precision-built Industrial Motors Since 1915

OWELL
Red Band
MOTORS



a business machine to *Serve your car*

STOP to buy gasoline where you see these modern Wayne Computing Pumps. They're the newest, most up-to-the-minute business machines ever put on an island. There's less delay for the motorist . . . increased convenience for the operator. Wayne 100-B is the popular new low model . . . just 53" high . . . yet the hose will extend clear into the next drive with the simplest, most effortless hose extension yet developed. If you are a station owner, write for illustrated bulletin. Be sure to see the 100-B before you modernize your islands.



Plenty of reach for emergencies.

THE WAYNE PUMP CO.
501 TECUMSEH ST., FORT WAYNE 4, IND.

AIR COMPRESSORS • LIFTS • HOSE REELS

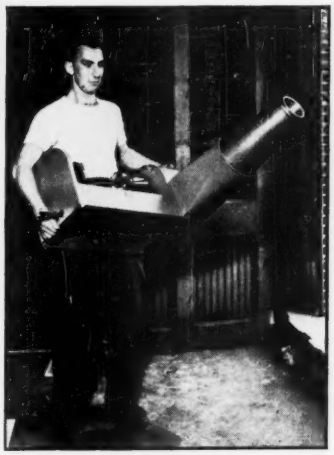
(1) Cost of maintenance is reduced because the aluminum louvers don't need either painting or cleaning, and because a light fixture can be changed or repaired in a matter of minutes.

(2) Installation is simple. The system requires no framing, and the steel channels on which fixtures and louvers hang are embedded in the concrete when it is cast.

(3) Telephone and service wiring can be suspended in the "dead" space between actual and false ceilings, so expensive conduits aren't needed. This also has the advantage of hiding all unsightly pipe, ducts, sprinklers. Yet these are all easily accessible.

The cost of purchasing, installing, and maintaining the Flexi-Module setup compares favorably with conventional lighting set in plaster ceilings, say Herpolsheimer's executives.

• **Cores**—The new type of lighting is but one feature of the modern store. Architect Ely has designed the building so that all mechanical services and controls are centralized in four mechanical "cores" or vertical shafts that run the height of the building (picture, page 40). That eliminates a lot of unsightly



Jet Tobacco Curer

Jet-engine combustion principles are put to use in a new hot-air unit that promises big fuel savings to tobacco curers. American Machine & Foundry Co., New York, developed the 90-lb. heater.

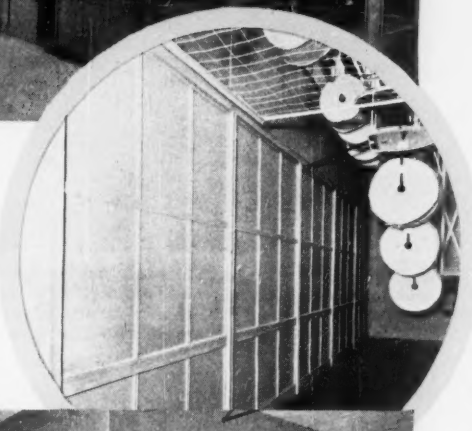
The heater operates on inexpensive No. 2 oil rather than the costlier No. 1 (kerosene) commonly used in curers. Air under pressure is fed into the firing chamber with the fuel. This enables the jet heater to develop almost complete combustion.

The jet method cuts down smoke and soot. The unit also reduces fire hazards because the device can be mounted outside the tobacco barn.

Hauserman Movable Steel Interiors are

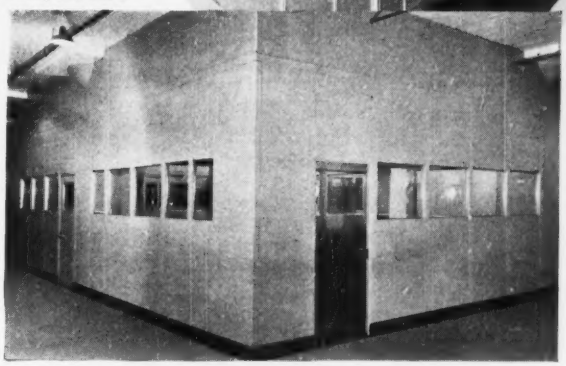


Hauserman Glazed, Type K Industrial Partition Kimberly-Clark Corp., Niagara Falls, New York.



Hauserman All Steel, Type K Industrial Partition Kimberly-Clark Corporation, Memphis, Tenn.

Hauserman Glazed, Flush Office Partitions Kimberly-Clark Corp., Niagara Falls, New York.



COMPLETELY INCOMBUSTIBLE

Hauserman Movable Steel Interiors assure adequate fire resistance from baseboard to roof. Steel for frames and panels . . . glass for through vision and borrowed light . . . rockwool insulation for sound absorption and soundproofing . . . mineral board or steel for top fillers . . . all are totally incombustible. Hauserman *Movable* Steel Interiors increase the fire safety and reduce the fire hazard in any building.

In Addition, Hauserman Interiors assure efficient utilization of all floor areas for the life of the building. Hauserman *Movable* Steel Walls are quickly and easily moved whenever new floor layouts will promote operational efficiencies . . . often in a matter of hours. Whenever Hauserman Walls are moved, all units are completely re-used.

There are Many Reasons why Hauserman *Movable* Steel Interiors are used in the smaller as well as the larger buildings in America. Among these advantages are: 60 Beautiful Colors and Authentic Wood Grain Finishes – Rigid Construction – Excellent Sound Control – Earlier Occupancy – Rock-bottom Maintenance Costs–Ease of Servicing Utilities – Ease of Adding Wires and Outlets – Incombustible Materials – Easy to Move.

Let Us Help You with your interior wall and ceiling problems.

THE E. F. HAUSERMAN COMPANY
6729 GRANT AVENUE • CLEVELAND 5, OHIO
Branch Offices in Principal Cities – See Phone Book

Specialists in Service—We assume undivided responsibility for complete interiors . . . shop drawings, building measurements and installation. We supply all products complete with hardware, wiring accommodations and all accessories. Our experienced erection crews are on call for alterations and additions. Our engineers are always at your service.

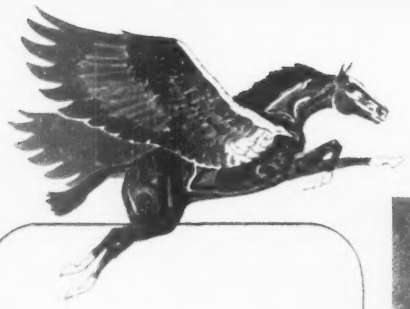


FREE CATALOG TO HELP YOU PLAN
You'll find interior walls and ceilings to meet your exact requirements in Hauserman Catalog 49. Write for it on your business letterhead today.

HAUSERMAN
MOVABLE STEEL INTERIORS
WALLS • WAINSCOT • RAILINGS
ACOUSTICAL CEILINGS • COMPLETE ACCESSORIES
For every commercial, industrial and institutional need

Your Biggest

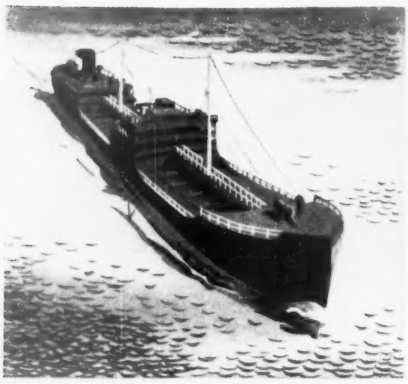
Comes to You from



IN SOCONY-VACUUM'S OPERATION,
these major steps—from exploration to delivered product—are carefully co-ordinated to assure maximum efficiency all down the line, maximum savings for you.



First, find the oil—To satisfy the growing demand, Socony-Vacuum must maintain a *constant search for new oil*— through mountains, jungle, desert or *wherever* it may be found. This must be done in spite of the fact that we purchase large amounts of our crude oil requirements from independent producers.



Distribute it—While we own and operate many ships, we also charter vessels and tank cars— rely on common and contract haulers. The combined result—top efficiency, lower cost to you.



And finally serve it—Besides direct distribution, efficiency dictates the use of over *1,400 independent wholesalers* and some *45,000 independent dealers* to whom of course, Socony-Vacuum gives expert technical and marketing counsel to help with their up-to-the-minute service facilities.

The Benefits of Competitive Efficiency: **LOW PROFIT**

Money's-Worth in Oil...

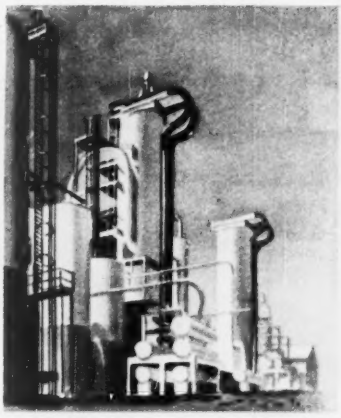
Competitive Efficiency like this!



Drill for it—Even after oil is found, development of the field entails great cost. New wells must constantly be drilled to replace depleted wells.



Get it to refinery—Although we use other common carrier pipelines, in 1948 we laid 3,000 miles of new lines needed to reach new fields and improve distribution.



Refine it by most modern processes, *geared for high output*. Oil refinery equipment which cost $500 a barrel of capacity pre-war, now costs $1,000.

A STRONG NATION depends on strong Industries . . . strong Industries depend on strong Companies.

Socony-Vacuum—or *any* company in America—is only as strong as its ability to *compete efficiently* in serving you . . .

. . . with productive power to help build National Security . . . with quality products at low prices to make your dollars buy more.

SOCONY-VACUUM



SOCONY-VACUUM OIL COMPANY, INC., and Affiliates: MAGNOLIA PETROLEUM COMPANY
GENERAL PETROLEUM CORPORATION

PER UNIT—THE MOST FOR YOUR PETROLEUM DOLLAR!

HOWARD JOHNSON'S

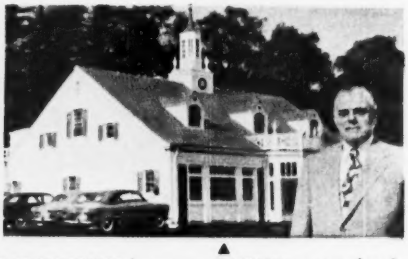
Smart idea!

He built an ice cream cone into a chain of 230 roadside restaurants that gross $150,000,000!



"I STARTED in 1925 with a hand-cranked ice cream freezer and a recipe I borrowed from my mother," says Ford Truck user Howard Johnson. Last year, the nationwide chain of 230 orange-tiled restaurants that Johnson owns or supervises grossed over $150,000,000.

Food is prepared and served according to uniform standards. Johnson's restaurant-operating formula has succeeded so well he now owns 6 ice cream factories, 4 candy and jam plants, and 40 Ford Trucks to service 230 restaurants.



◀ **OVER 5 BILLION** ice cream cones have passed over Ford Truck user Johnson's counters. Although he promotes "28 famous flavors," long-time favorites are vanilla, chocolate, and strawberry.

▲ **LARGEST** operator of roadside restaurants in the U. S. is Howard Johnson of Wollaston, Mass. Familiar to travelers from Maine to Florida, his chain now reaches the Pacific Coast.

HOWARD JOHNSON'S

Smart move!

He uses 40 Ford Bonus Built Trucks in his business! . . . Smart move! . . . Smart business!



"ICE CREAM WON'T WAIT," Johnson tells Ford Dealer George Daley. "Like the other perishables I handle, it's got to be delivered fast, without fail. Because Ford Trucks do this, they've been great favorites of mine." Says Daley: "Truck users everywhere favor Fords for performance. They're Bonus Built! Every Ford Truck from Pickup to 145-h.p. BIG JOB, over 150 models in all, is built extra strong to last longer. That's what gives you the reliability, performance and economy you need."



"DRIVERS keep cool in the Ford Million Dollar Cab with 3-way air control. 'Air Wing' door glass ventilators and cowl ventilators are standard at no extra cost. A 'Magic Air' heating, defrosting and ventilating system with extra fresh air inlets is also available."



"COOLING is a problem with engines as well as ice cream," says Dealer Daley. "In Ford 'Series Flow' cooling, water sweeps back through the block, up and forward through the head for greater efficiency."

HOWARD JOHNSON'S

Smart bet!

FORD TRUCKS LAST LONGER!

Using latest registration data on 6,106,000 trucks, life insurance experts prove Ford Trucks last longer

piping, makes mechanical maintenance easy.

Another device used by the architect is to concentrate nonselling activities—warehousing and offices—in a "band" or suspended deck that runs around the perimeter of the store about halfway between floor and ceiling. The cost of such a band is said to be compensated for by the savings in space made available for direct merchandising.

PRODUCTION BRIEFS

Commercial laboratory personnel is listed in a directory of member labs published by the American Council of Commercial Laboratories. It gives the scope of activities and services. Write to 318 Evans Building, Washington, D. C.

•

Output of TV receivers at Admiral Corp.'s Chicago plant has jumped from 10,000 to 13,500 a week. A newly developed production line, said to be the industry's longest, is responsible.

•

A $5-million ammonia plant will be built by Dow Chemical at Freeport, Tex. The process: combining by-product hydrogen and nitrogen from the air under high compression.

•

Roof-control in mines will be the province of a new Bureau of Mines section. Its major assignment: getting the industry to use suspension roof-support more widely.

•

Production of wax at Shell Oil's new Houston plant will come to some 75-million lb. a year. Shell will make finished grades from crude wax produced in the manufacture of lubricating oils.

•

All test methods and specifications for raw materials used by National Lead are now being handled by a newly formed company department. It works closely with the branches or divisions whose products are involved.

•

More college graduates are wanted in the foundry field. To get them, the associations in the industry will start a campaign next month to boost the number of engineering scholarships.

•

A Westinghouse lab is producing temperatures as low as −485F to unearth new information on structures of matter at levels near absolute zero.

•

Formaldehyde resin developed by Borden Co.'s chemical division gives added tensile strength and folding endurance to stock in papermaking. It also cuts down waste: Its slow curing properties allow reworking of the paper.

To the man who thinks he needs a special building

These three types of Luria Standard Buildings can be adapted to meet practically every building requirement

A SERIES



Clear-span, rigid-frame buildings — available in 40 to 100 foot widths

B SERIES



Center column buildings — available in 50 to 100 foot widths

C SERIES



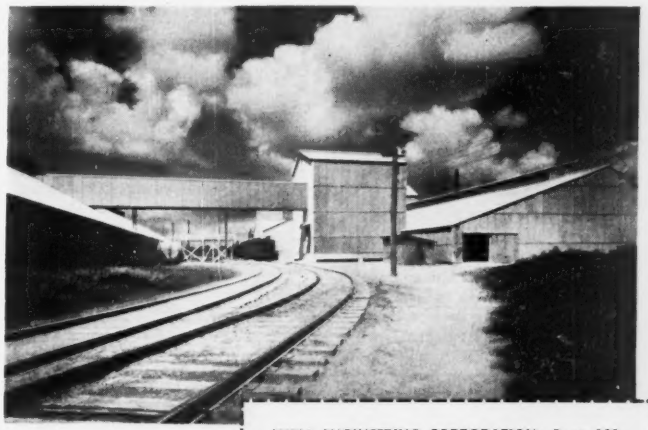
Clear-span, rigid-frame buildings, with crane runway. Available for 40 to 80 foot crane spans.

...and wants to cut costs without "cutting corners"

No matter how "special" your building requirements may be, chances are they're *standard* with Luria. For Luria buildings offer far greater flexibility of arrangement and architectural treatment than has ever before been available in a standard line. And even if your requirements *do* call for a special design, Luria can provide exactly the building you need, and still retain the fullest possible use of standard parts for maximum economy.

What's more, Luria has cut building cost without compromising on quality! Savings have been made not by using less steel, but actually by using *more* — in the form of fewer and heavier members which require less fabrication and handling, and can be produced in quantity at minimum cost.

That's why Luria can offer you a *permanent* building that will meet your exact requirements for so much less than you'd expect to pay. For complete information, send in the coupon below for a copy of our 20-page catalog.



STANDARD BUILDINGS BY LURIA

LURIA ENGINEERING CORPORATION Dept. B39
500 Fifth Ave., New York 18, N. Y.

Gentlemen: Please send me a copy of your new catalog. I am primarily interested in:

☐ Industrial Buildings ☐ Schools ☐ Airport Buildings
☐ Other (specify)_____

NAME_____

COMPANY_____

ADDRESS_____

CITY_____ STATE_____

MOSINEE PAPER MILLS CO.
MOSINEE, WISCONSIN
REG. U.S. PAT. OFF.

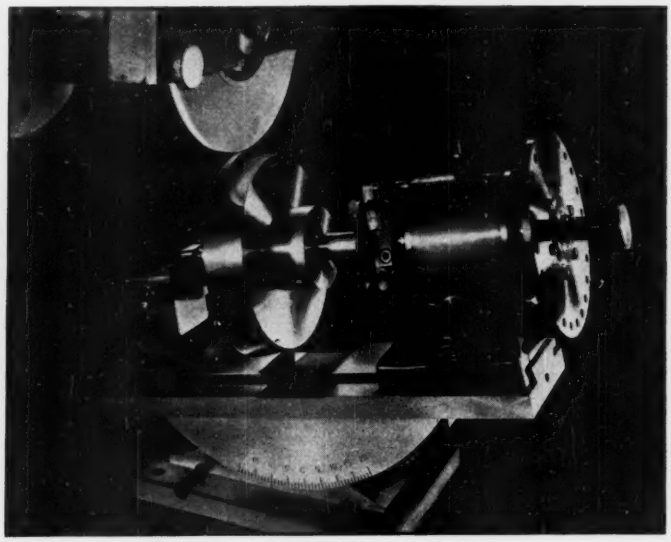
MOSINEE

"More than Paper"

With MOSINEE, you don't have to pick a "stock" paper that approximates your requirements and then adapt your processing or fabricating operations to that paper. MOSINEE will make paper for *your* processing and *your* exact specifications . . . regularly. If you have a fabricating or processing problem involving paper, please write to Dept. BW.

MOSINEE PAPER MILLS CO.
Mosinee, Wisconsin
Essential Paper Manufacturers

NEW PRODUCTS



Grinder's Aid

Flat or curved parts with straight, taper, and contour outlines can be set up for grinding with an attachment developed by Moore Special Tool Co.

The tool, called Motorized Centers, is set on the table of a surface grinder beneath the grinding wheel. Then the part to be ground is placed between the unit's holding jaws and locked into place. A motor turns the part as it's being ground to a predetermined tolerance.

A rocking bed, on which the unit is mounted, will swing 20 degrees to either side of horizontal. When used with an angle plate, the unit can be tilted to a maximum angle of 30 degrees. With the varied positions of Motorized Centers, only one size of wheel is required for many different grinding jobs.

The motor that turns the part to be ground runs on 115-v., 60-cycle current. The company is at 740 Union Ave., Bridgeport, Conn.

• *Availability: immediate.*

Plastic Posters

Flexon Products Co. has a plastic window poster that's easy to change or remove.

The poster, made of vinyl plastic sheeting, will stick firmly to any polished surface like glass. Silk-screen lettering is imprinted on the sheet to your order.

To mount the poster, you just press it firmly against the clean surface. It stays on during window washings, yet can be stripped off easily. Removal leaves no mark on the window, nor on the poster, which you can use again.

Flexon calls the product Vion. It suggests Vion for color tabs on sales maps, television filter screens, auto-windshield glare filters—as well as for posters. The sheets are also available in translucent form and a wide range of colors. The company is at 239 W. 34th St., New York 1.

• *Availability: made up to individual order.*

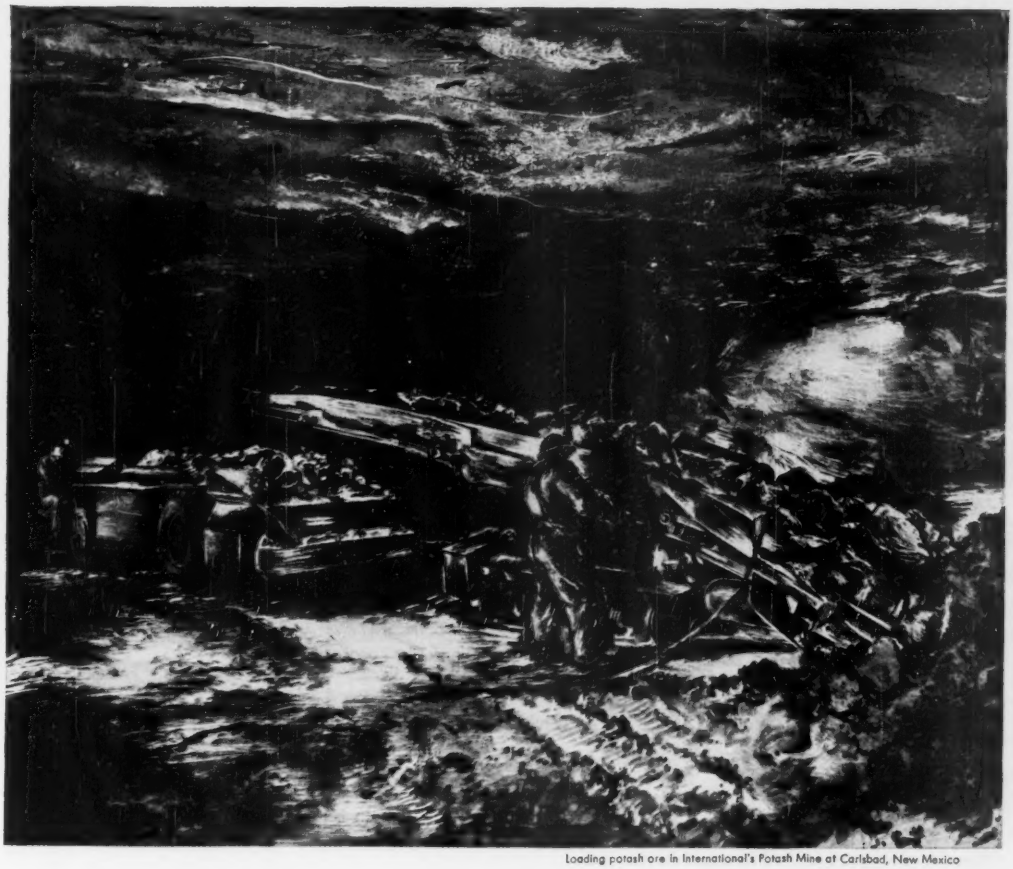
High-Speed Stamper

A drawing press stamps out roofs of auto bodies at high speed, betters the production of conventional presses by 75%, says the manufacturer, Lima-Hamilton Corp.

The press can use dies up to 200 in. long and draws to a depth of 24 in. The sheet steel flows into the die at about 70 ft. a minute. The press operates at the rate of six strokes a minute.

In the Hamilton press, the plunger slide is in the bed and travels upward when making a draw, reversing the conventional operation. This way the stamping comes out of the die right side up after it is pressed. This not only speeds up handling but also cuts down scratches and damage to the outer surface of the stamping.

Lima-Hamilton Corp. has another model of high-speed design for stamping smaller work, like auto door panels. Operating at 16 strokes a minute, the press is automatically fed with the sheet



Loading potash ore in International's Potash Mine at Carlsbad, New Mexico

Catering to the Appetite of Crops

mining *International* potash

So that *you* can enjoy an abundance of wholesome, appetizing food, growing crops must be regularly supplied with nourishing plant foods. Almost every individual crop requires a special diet, depending on soil conditions and the needs of the plant itself.

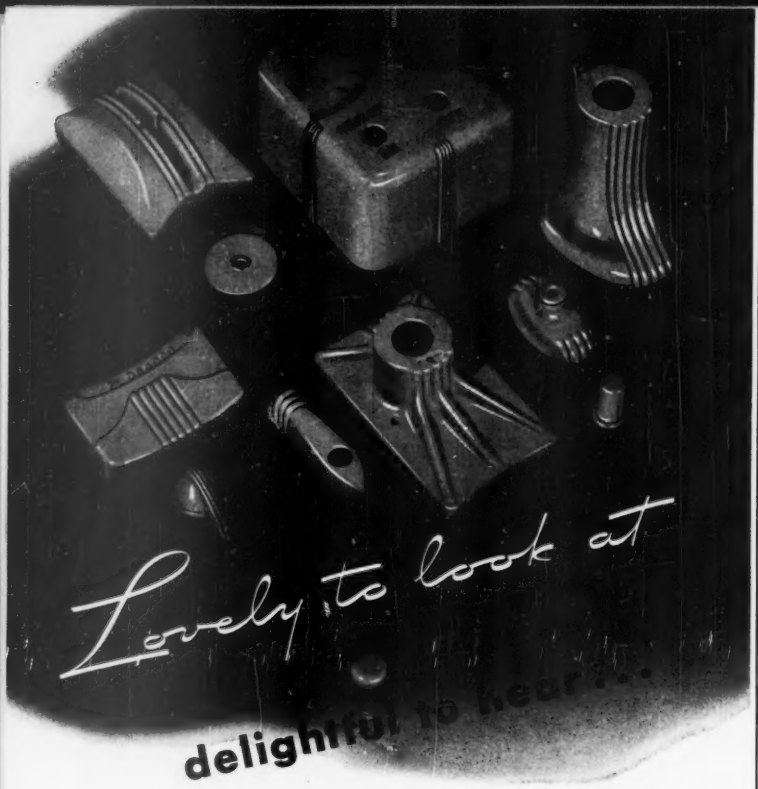
One of the mineral plant food elements required in a well-balanced diet for crops is *potash*, which is produced by *International* at Carlsbad, New Mexico.

Healthy growth of our crops would be impossible without *potash*. For it increases the vigor of plants and their resistance to disease. Stimulates production of strong, stiff stalks. Promotes formation of sugar, starches and oils. Increases plumpness of grains and seed. And enables growing plants to utilize other plant foods at greatest efficiency.

International mines *potash* and *phosphate* and *water-soluble sulfate of potash-magnesia*, three of the basic mineral plant food elements, and manufactures *mixed fertilizers* for a wide variety of crops—all essential in the world-wide production of large quantities of high quality, nourishing food.

INTERNATIONAL MINERALS & CHEMICAL CORPORATION

General Offices: 20 North Wacker Drive *Chicago 6*



Plastic Parts molded by
Cox Plastics Corporation
Buffalo, N. Y.

● Markel Electric's new Playmaster provides music lovers with nine continuous hours of delightful listening pleasure. The soft, beige color of the 24 Molded Plaskon parts used in this record player harmonize beautifully with virtually every wood finish or room decoration.

Plaskon Molded Colors are being used by hundreds of manufacturers to enhance the beauty and sales appeal of their products. Plaskon Urea and Melamine formaldehyde *Thermo-setting* Materials range from white and translucent natural, through brilliant hues and delicate pastels to jet black. Colors are permanent—unfading in use—solid throughout every molded piece.

Plaskon Materials can be economically molded into virtually any design and shape to add distinction to your products. The surface of Plaskon Molded Color is smooth and warm to the touch and is resistant to marring, scratching, peeling and corrosion.

An experienced Plaskon field man will be glad to help you and your molder adapt Plaskon Molded Color to your products. Write for a new booklet describing the many uses of Plaskon* Molding Materials. *Reg. U.S. Pat. Off.



The Playmaster plays all three sizes and speeds of records automatically—one or both sides in sequence! *Manufactured by* Markel Electric Products, Inc., Buffalo, N.Y.

PLASKON

TRADE MARK REGISTERED

★ MOLDED COLOR ★

PLASKON DIVISION • LIBBEY • OWENS • FORD GLASS COMPANY

2119 Sylvan Avenue, Toledo 6, Ohio • *In Canada:* Canadian Industries, Ltd., Montreal, P.Q.

Branch Offices: Boston, Chicago, Los Angeles, New York, Rochester, San Francisco

Manufacturers of Molding Compounds, Resin Glues, Coating Resins

material. The company is at Hamilton, Ohio.

• *Availability: immediate.*

P. S.

Roller sealer moistens envelope flaps. Handle of device is filled with water that feeds into sponge-rubber wheel. The sealer can't leak or get the flap too wet, the maker says. The company is Northeastern Plastics, Inc., 588 Commonwealth Ave., Boston 15.

Edge index system eliminates cost of thumb-cut, step, or tab indexing. Symbols of one to three parallel lines are bled to the edges of the indexed pages; thus they show up on the edge of the volume when it is closed. The lines match up with letters (or other classifications) on the cover or fly leaf. You can pick out the page or section you want by checking the classification on the cover, then spotting the corresponding marks on the page edges. Symbols are printed along with the regular text, so there's no extra printing cost. Up to 100 classifications are possible. Cost of system is on a royalty basis. Send work sample to Morris R. Machol, 14 Washington Square, N., New York 11.

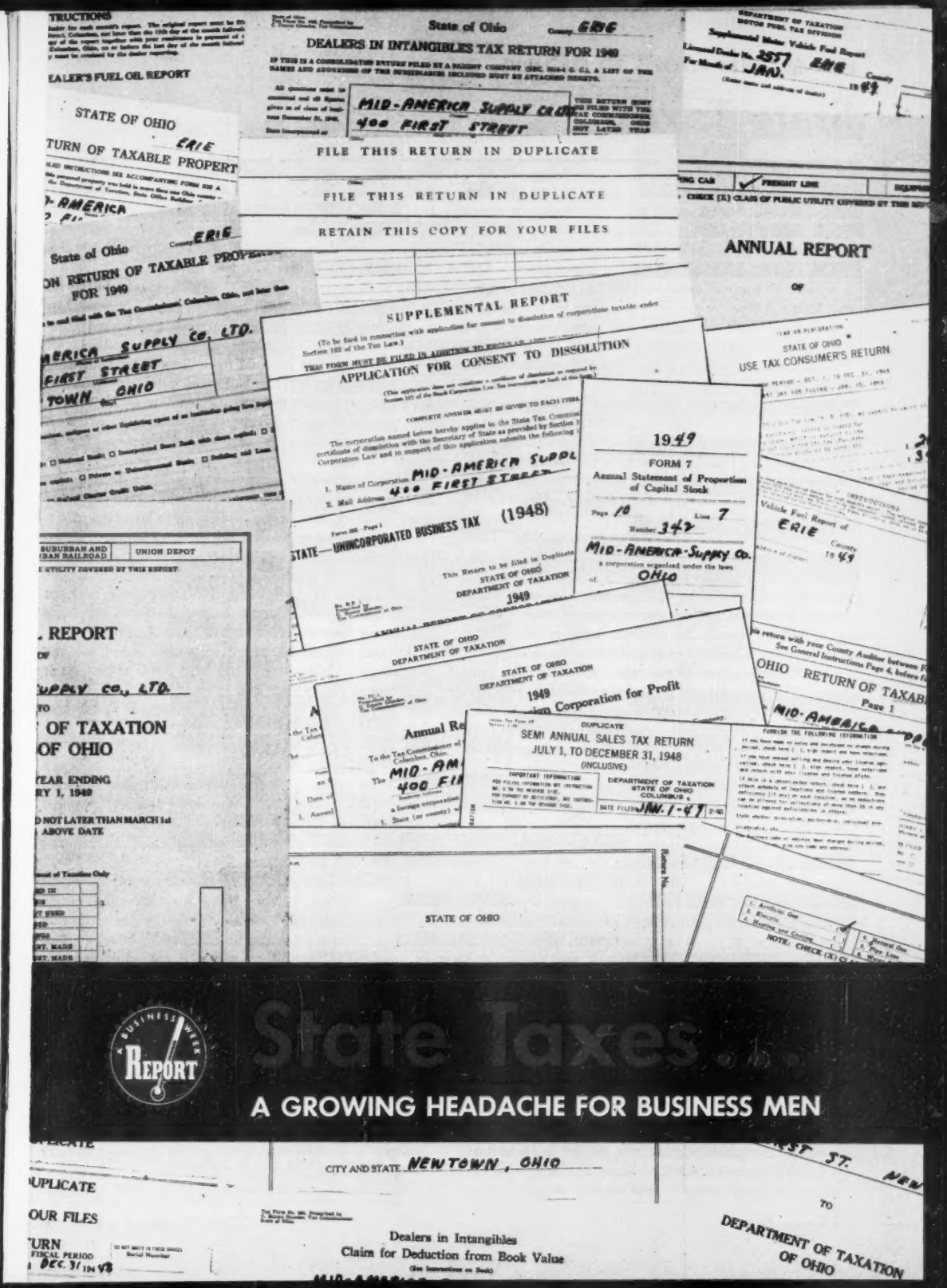
Synthetic rubber cement can be applied to parts on an assembly line, then used later to join parts together at assembly point. The cement, called H-511 Ubabond, dries to a nonsticky finish in 15 min. to 30 min. Later, precemented parts are joined together by heating with infrared, dry heat, or steam. The maker is Union Bay State Chemical Co., 50 Harvard St., Cambridge, Mass.

Hydraulic pump made by Lyon-Raymond Corp. operates from compressed air, is opened and closed by two foot levers. Pump is available in several styles and sizes of oil reservoirs. The maker is at Greene, N. Y.

"Impedometer" measures impedance (resistance in an electrical circuit to the flow of an alternating current) from 0.1 to 100,000 ohms through a wide range of frequencies. Unit can be used to analyze characteristics of transformers, filter coils, and electronic circuits. The manufacturer is Electrodyne Co., 899 Boylston St., Boston 15.

Precision sharpener, made by Armstrong Mfg. Co., handles circular saws up to 48 in. in diameter. Alterations for shape and spacing of saw teeth can be made while machine is in operation. The company is at 2135 N.W. 21st St., Portland, Ore.

Fluorescent lighting adapter converts bulb-type lamps to fluorescent lighting in a few minutes; fits almost any floor or table lamp. The unit consists of 2 circular-type, 15-watt lamps and two button-switches. The maker is Arch Mfg. Co., 1708 Howard Street, Omaha, Neb.



A BUSINESS WEEK REPORT

State Taxes . . .

A GROWING HEADACHE FOR BUSINESS MEN

BUSINESS WEEK REPORTS TO EXECUTIVES ON—

State Taxes

The United States, as you learned to say in grammar school, is "one nation indivisible." Generally speaking, that is true. But legally it is not. To the lawyer, the U. S. is a federal union of 48 sovereign states.

The distinction is important for businessmen. And it is likely to become even more important as time goes on. What is true for the lawyer is true for the tax collector. As a result, a company that does business across state lines does not deal with just one tax authority.

Most companies today think of state taxes as a necessary but comparatively minor business expense. But if present trends continue, state taxes 20 years from now may be as much of a headache as federal taxes are today.

If that sounds fantastic, stop a minute and think about federal taxes 20 years ago. Back in the days of the big bull market, all corporate taxes—federal and state both—took about 14% of total profits. Today, they clip off 40%.

Most states these days are in a financial jam. Their operating expenses have skyrocketed. The present taxpayers are fighting like tigers to stave off more increases. And the pressure on the state governments to tap new sources of revenue gets greater and greater each year.

In 1948, total state tax revenues came to $7.8-billion. That is twice the 1939 total of $3.9-billion.

About $585-million of the states' 1948 tax take came from levies on corporation income. Another $1-billion came from unemployment compensation taxes, which fall mainly on corporations. And about $1.5-billion came from general sales taxes or gross receipts taxes, which are largely collected by corporations.

Obviously, state taxes have got to the point where no businessman can dismiss them as peanuts. But this is only the beginning of the trend.

Leaving aside unemployment compensation taxes, state levies on corporate profits account for only 8.6% of total state tax collections. The federal government, on the other hand, gets about 30% of its revenue there.

This comparison suggests to many a state government that it is passing up an easy way out of all its financial troubles. And in the scramble to raise more money, state after state has slapped new taxes on corporations or has tightened up drastically on the application and enforcement of existing tax laws.

Georgia, for instance, has just bucked up its corporation income tax from 5½% to 7%. New York boosted its corporate franchise tax from 4½% to 5½% this year.

And Ohio not long ago gave its tax investigators "inquisitorial" powers to look into cases involving possible tax liabilities. This means that Ohio is clamping down on tax avoidance, stretching the law as far as it will go to take in various kinds of business activity that have been considered exempt. And from a taxpayer's standpoint the strictness of the enforcement and interpretation is just as important as the tax itself.

Some corporations have discovered recently that state taxes can hit them even harder than the federal levies. This may happen in at least two ways:

(1) State taxes on corporate income usually make no provision for a carryover or carryback of an operating loss as the federal system does. For instance, if your company made $1-million in 1948 and loses $1-million this year, the Bureau of Internal Revenue will let you offset the profit against the loss and claim a refund of federal taxes on the 1948 income. But the state of New York will give nothing back on its franchise tax, which is levied against the income earned in any given year regardless of earnings or losses in other years. This rule is particularly tough on new companies. Under federal law they can carry forward the losses of their first couple of years to offset later profits. Under state law, they can't.

(2) As the states scratch for income, many of them are adopting taxes that have to be paid regardless of how the corporation is doing profitwise—for example, taxes on property, gross receipts, accounts receivable, or warehoused goods. Companies will have to scrape up the money even though they are running a deficit.

All this means that there is trouble ahead for any company that intends to do business across state lines at any time in the future. And it means that businessmen will have to do a lot of painful homework in tax law.

MORE EXPOSURE

It is not so much the rise in rates that makes the state tax situation dynamite for business. The real threat is the rapid expansion in coverage. And this is doubly dangerous because few businessmen know much about the intricacies of tax law.

If you take a look at recent court decisions in this field, you can see that two things are happening:

(1) The courts are gradually widening the definition of what constitutes doing business within a state. And of course, the more they widen it the more business they bring into the net of the state tax collectors.

(2) At the same time, the courts are giving the state governments more and more authority to tax activities that are pure interstate commerce.

Thus, a company making mousetraps in Pennsylvania and selling them in California may find itself caught from two directions. The courts may hold that it is doing business in both states and therefore must pay taxes to both. Or they may rule that legally it is doing business in Pennsylvania alone but has to pay applicable California taxes, which is the same thing.

To understand just what is happening and what it all

State	Franchise Tax	Income Tax	Property Tax	Stock transfer Tax	Sales Tax	Use Tax
Alabama	YES	YES	NO	YES	YES	YES
Arizona	NO	YES	NO	NO	YES	NO
Arkansas	YES	YES	YES	NO	YES	YES
California	NO	YES	YES	NO	YES	YES
Colorado	YES	YES	NO	NO	YES	YES
Connecticut	NO	YES	YES	NO	YES	YES
Delaware	YES	NO	YES	NO	YES	NO
D. C.	NO	YES	NO	NO	YES	YES
Florida	YES	NO	YES	YES	NO	NO
Georgia	YES	YES	YES	NO	NO	NO
Idaho	YES	YES	NO	NO	NO	NO
Illinois	YES	NO	YES	NO	YES	NO
Indiana	NO	NO	YES	YES	YES	NO
Iowa	NO	YES	YES	NO	YES	YES
Kansas	YES	YES	YES	YES	YES	YES
Kentucky	YES	YES	YES	NO	NO	NO
Louisiana	YES	YES	YES	NO	YES	YES
Maine	YES	NO	YES	NO	NO	NO
Maryland	YES	YES	YES	YES	YES	YES
Massachusetts	YES	YES	NO	YES	NO	NO
Michigan	YES	NO	YES	NO	YES	YES
Minnesota	NO	YES	NO	YES	NO	NO
Mississippi	YES	YES	YES	YES	YES	YES
Missouri	YES	YES	YES	NO	YES	NO
Montana	NO	YES	YES	NO	NO	NO
Nebraska	YES	NO	YES	NO	NO	NO
Nevada	NO	NO	YES	NO	NO	NO
New Hampshire	YES	NO	NO	NO	NO	NO
New Jersey	YES	NO	YES	NO	NO	NO
New Mexico	YES	YES	YES	NO	YES	YES
New York	YES	YES	NO	YES	NO	NO
North Carolina	YES	YES	YES	NO	YES	YES
North Dakota	NO	YES	NO	NO	YES	YES
Ohio	YES	NO	YES	NO	YES	YES
Oklahoma	YES	YES	YES	YES	YES	YES
Oregon	YES	YES	NO	NO	NO	NO
Pennsylvania	YES	YES	YES	YES	NO	NO
Rhode Island	NO	YES	YES	NO	YES	YES
South Carolina	YES	YES	NO	YES	NO	NO
South Dakota	NO	NO	YES	NO	YES	YES
Tennessee	YES	YES	YES	YES	YES	YES
Texas	YES	NO	YES	YES	NO	NO
Utah	NO	YES	NO	NO	YES	YES
Vermont	NO	YES	NO	NO	NO	NO
Virginia	YES	YES	YES	YES	NO	NO
Washington	YES	NO	NO	YES	YES	YES
West Virginia	YES	NO	YES	NO	YES	NO
Wisconsin	NO	YES	NO	NO	NO	NO
Wyoming	YES	NO	YES	NO	YES	YES

WHICH TAXES do states favor?

means to businessmen, you have to go back to the basic principles of corporate law. In the past, you could safely leave this field to your company attorney. But state taxes have now reached the point where they are a problem for all management men, not just the lawyers.

As a general thing, a private business corporation gets itself born by obtaining a charter from one of the 48 states. The charter authorizes it to conduct a specified business, pay taxes, use state courts, and in general be a legal entity. Ever since the famous Dartmouth College case, the courts have treated a charter as a binding contract between the state and the corporation. The state can't back out or change the terms, and the corporation has the right to do business within the state as long as it stays on good behavior.

The charter doesn't give the corporation the right to do business in any other states. But the commerce clause of the U. S. Constitution does give all properly chartered business organizations the right to engage in interstate commerce without fear of discrimination by other states. A New York company, for instance, has the right under the commerce clause to ship goods to an Oregon customer without being taxed or discriminated against by Oregon.

Now this is where the fine distinction between intrastate business and interstate business comes in. As long as a corporation is doing only interstate business it is protected by the charter given it by its own state and by the U. S. Constitution. But as soon as it starts doing intrastate business within another state it has to come to terms with that state. Otherwise it has no legal standing and lays itself open to a variety of penalties.

All states have legal procedures for giving "foreign" corporations—that is, corporations chartered by another state—permission to come in and do business in their territory. Usually the corporation applies to the Secretary of the state, pays a fee, and receives a certificate. This routine is known as qualification.

After a foreign corporation has qualified in a particular state it has all the rights of a domestic corporation. It can carry on its business. It can use the courts. The state cannot discriminate against it in any way.

The hitch is that the qualified corporation also acquires all the responsibilities of domestic corporations. And that usually means it becomes liable for state taxes.

A good many corporations obviously think that the advantages of qualifying aren't worth the price. They try to set up their operations so that their business will be classified as interstate. The trouble with this is that the courts have shown a definite tendency to give the benefit of any doubt to the state that says a particular activity constitutes doing business within its boundaries.

Where an unqualified corporation is found doing an intrastate business, it generally cannot use the state courts to collect its debts or bring any other suit that otherwise would be legally all right. Some states hold that contracts made by an unqualified corporation in intrastate business are null and void insofar as the corporation is concerned.

In its last session, the U. S. Supreme Court tightened up the law on this point even more. In the case of J. S. Woods v. Interstate Realty Co. it ruled that an unqualified corporation, which was denied the use of state courts by a state law, could not use the federal courts if it was doing business within that foreign state. Lawyers think this will become a leading case because it buttons down a point that hadn't been clear. Some companies had hoped that if necessary the federal courts would take their case even where state courts were closed to them.

Woods owned real estate in Mississippi and commissioned Interstate Realty Co., a Tennessee corporation, to sell it for him. After the sale, Interstate Realty sued Woods in a federal court for broker's commission. The Supreme Court held, in effect, that Interstate Realty was out of luck. It couldn't sue in Mississippi courts because state law gives no standing to unqualified corporations doing intrastate business. And it couldn't sue in federal courts because, the Supreme Court said, that would discriminate against other corporations that had gone through the qualification procedure and accepted the responsibilities with it.

Most corporations would say that getting thrown out of the courts was penalty enough for failing to qualify. But on top of that many states slap stiff fines on any unqualified companies that they find doing an intrastate business. Ohio is one of the toughest. It has a base fine of $1,000 plus $500 for every month that the foreign corporation has done business in the state without qualifying. State authorities in Ohio and Iowa even have power to imprison officers of unqualified corporations.

CAUSES OF EXPOSURE

Let's say, then, that you don't want to take any chances on doing business within a state without getting properly qualified. How can you tell what sort of activities will count as intrastate business?

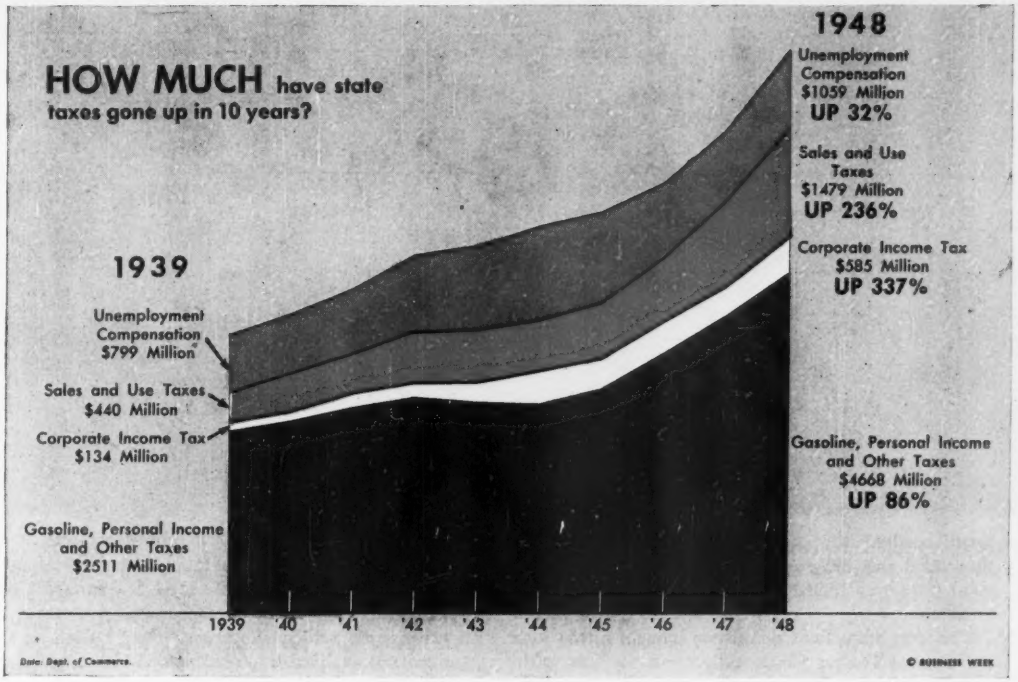
The answer is: Talk to your lawyer. This is a tricky subject. State laws vary widely. And when it comes to a test, the federal courts tend to back up the states.

Here are some of the things that the courts have held are intrastate business:

(1) Using agents and salesmen who deliver products.
(2) Maintaining branch stores or departments in stores.
(3) Construction work under contract.
(4) Maintenance of equipment within the state.
(5) Maintaining stocks of goods (either in your own warehouse or a public warehouse) for shipment to customers in nearby districts.
(6) Keeping a stock of repair parts for local customers.
(7) Leasing equipment to customers within the state.
(8) Aiding local dealers in making sales.

You have to remember that state laws are a long way from uniform on this subject. What one tax collector calls interstate business another may say is doing business within the state. And the chances are that both of them can make their rulings stick.

For instance, say that you sell a piece of equipment in a transaction that is interstate commerce in anybody's



book. If you then send your men into a foreign state to install the equipment, Arkansas, Georgia, Minnesota, Tennessee, Texas, and Wisconsin will hold that you are doing intrastate business—provided the installation takes no particular skill. Even when the equipment calls for highly technical installation, Arkansas, California, Michigan, Missouri, New Hampshire, South Dakota, Texas, Virginia, and Wyoming will tag it intrastate business if the job requires many and varied operations over a considerable period of time.

Sometimes decisions will turn on points that are so fine no layman can figure them out. Texas courts in one decision held that a foreign corporation which leased shoe machinery was doing business within the state. And in another case they decided that the lease of voting machines was part of an interstate transaction.

THE DOOR IS OPEN

From a tax standpoint, the distinction between interstate business and intrastate business isn't so important as it used to be. The door is open now for the states to tax activities that are pure interstate commerce. And this is where the state tax collectors are having a field day.

As far back as 1918, the U. S. Supreme Court held that corporations could be taxed, even though they were doing something that did not require them to qualify in foreign states. It ruled that Northwestern Consolidated Milling Co., a Minnesota corporation, was liable to the state of Massachusetts for taxes because the company maintained a sales force in Massachusetts. The salesmen took orders and turned them over to local dealers. The court said that the salesmen were working for the local dealers and that the milling company therefore could be taxed.

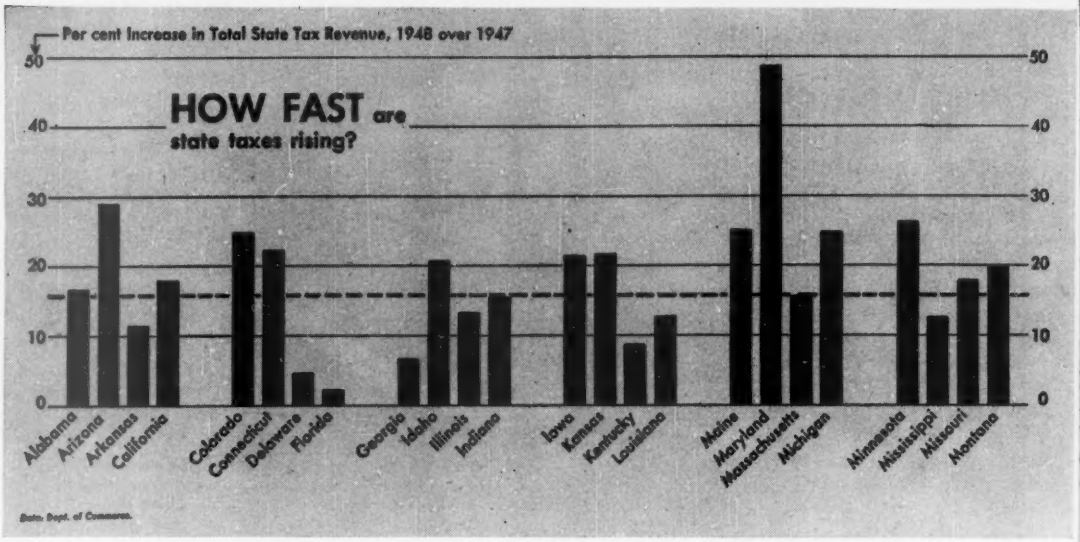
That was the beginning. Since then—particularly in the past few years—state collectors have moved bag and baggage into the field of interstate commerce. To businessmen who are used to the old idea of the commerce clause as a protection against state taxation, the results are enough to make your hair stand on end.

Here are some of the tax cases that states have recently fought and won:

Washington served process on a salesman for the International Shoe Co. ordering the company to appear in state court to answer charges that it had paid no contributions to the state Unemployment Compensation Fund. The company maintained its home office in St. Louis, shipped goods in interstate commerce. Its salesmen in Washington were there merely to solicit orders.

The U. S. Supreme Court ruled that serving process on the salesman was perfectly all right. And it even hinted that mailing notice of the suit to the corporation at its home office might have been enough.

This was a new twist. But liability of foreign corporations for state unemployment taxes is well established by now. In 1945, the state of Washington won a suit against the Continental Car-Na-Var Corp. for unemployment compensation taxes. The courts found that the solicitation of orders in the state by the company's



agents resulted in a continuous flow of business. And they ruled that the company was liable for unemployment taxes even though its selling activities were purely interstate.

The Iowa State Tax Commission brought suit to force the General Trading Co. to collect and pay over to the state the Iowa use tax on goods sold in the state. The company merely solicited orders through traveling salesmen and shipped the goods in interstate commerce. But the U. S. Supreme Court backed up the state's right to make General Trading collect the tax on the grounds that "the exaction is made against the ultimate consumer —the Iowa resident."

Iowa is still an exception in this respect. The Mississippi Tax Commission attempted to enforce the same kind of tax liability against the Reichman-Crosby Co., but the state supreme court slapped it down. And a similar case in Wyoming went against the tax authorities. But it's worth noting that in both these cases it was the state law itself that saved the companies. The federal courts gave them no help.

The U. S. Supreme Court in 1948 approved a franchise tax levied by Mississippi against the Memphis Natural Gas Co. The company's business was purely interstate. It has employees in Mississippi only to maintain a pipe line that ran through part of the state. But the court said that the company had the protection of the state for its pipe line and therefore should pay a share of the cost of state government.

Within a year after this decision, Oklahoma put through a franchise tax specifically designed to take advantage of it.

Alabama in 1941 got court approval for a privilege or license tax on the Coca Cola Bottling Works, Inc. The company sent trucks into the state to make deliveries to retailers.

California successfully slapped an income tax on the West Publishing Co. because it maintained sales offices with salesmen who made collections for goods shipped in interstate commerce. And the U. S. Supreme Court upheld the state. This is a plain case of a tax that has nothing to do with qualification. West Publishing Co. still has not qualified to do business in California.

All this means that from now on state taxes will be taking a bigger and bigger bite out of corporate incomes. And as the states move in on interstate commerce, you can expect more and more cases of multiple taxation to crop up. Sales may be taxable in the states where they are made and the revenue from the sales taxed in yet another state where the company has its plant. Or the same piece of property used in two or more states may be taxed in each state.

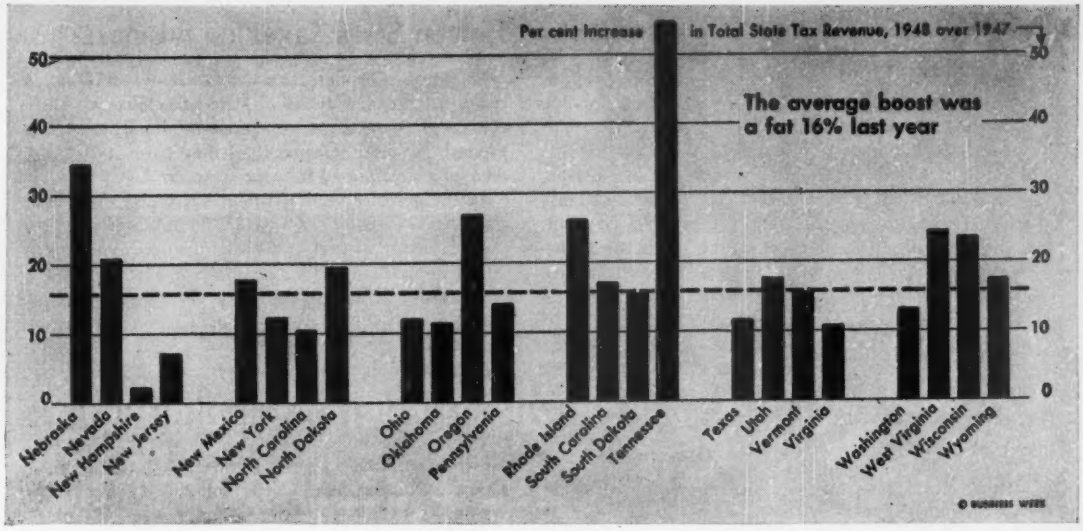
Corporations will have to get used to the idea of acting as collection agencies for states that levy sales taxes or excises. This means that they will have to pay the expenses of collecting, accounting, and filing the returns.

Even where there is no direct tax liability, states are likely to require informational returns. These may cover such things as withholding taxes on salaries paid by the corporations, payments to individuals for services, and payments to stockholders living in the state.

As new cases broaden the law, there probably will be retroactive suits for taxes not paid in past years. Georgia, for example, is using a group of unqualified foreign corporations for unpaid state income taxes. Its claims are retroactive all the way back to 1931 when the present state income tax went into effect.

In most cases, you will find federal authorities giving the states a hand whenever they can. At an intergovernment tax problem conference held last spring state tax authorities discussed with the Treasury the possibility of setting up a system for mutual exchange of information.

And the states themselves are beginning to pull



together on the problem of tax collection. There is a growing trend to allow the tax authorities of one state to use the courts of another to make collections. During the past two years, Oregon, Alabama, Wisconsin, Maine, Minnesota, and Tennessee passed laws specifically designed to open their courts to the tax collectors of other states.

WHAT CAN BE DONE

The trend in state taxes is perfectly plain now. They are getting higher. And they are getting broader. The question that a businessman logically asks is: What can I do about it?

The first thing to do is to go into a huddle with your company lawyer. Tell him in detail just how you handle your sales, billing, accounting, and warehousing. Give him a list of all your activities that involve any foreign state even indirectly. And don't leave anything out. Even one trivial activity may make all the difference in your tax liability.

Your lawyer probably will want to make a check with one of the service companies that specialize in the technicalities of this subject. These service companies deal exclusively with lawyers. They maintain contacts in each state, keep posted on legislation and court decisions. The larger ones keep offices in various states to serve as representatives for qualified foreign corporations.

The next step is to take the map of your company's operations and go over it with your lawyer. You can then decide where you will have to qualify for intrastate operations and where you can keep your business on an interstate basis.

Qualification has its advantages. You get the use of the state courts. And that is important now that the Woods decision has closed the federal courts to unqualified companies. Also, once you have qualified you have a free hand in the state. You can warehouse goods, make sales, and run your business without worrying about whether or not you are letting yourself in for any unforeseen taxes.

If you have any choice in the way you set up your operations, you may be able to pick states that have a favorable tax system from your standpoint. Nevada, for instance, has just passed what it calls a "free port" law. This practically exempts warehoused goods anywhere in the state from personal property taxes. It is an obvious invitation to corporations doing business anywhere in the West to use Nevada for their warehousing.

After you have decided where you want to qualify and where you don't, you can go over your list of activities looking for chances for legitimate tax avoidance. State laws vary widely. Some are tougher than others. And there are plenty of perfectly proper ways of keeping your tax bills to a minimum.

There aren't any general principles that cover the process of legitimate tax avoidance. Everything depends on the laws of the particular state and the nature of your company's operations. But here are some pointers that you can get from recent tax decisions:

Accounting

Be sure you keep your books so that you know just where to charge all your expenses and revenues. Otherwise you may have to pay state taxes on income that legally should escape. Two Ohio cases point up this fact:

In Bloch v. Glander, the Ohio Supreme Court ruled that the tax authorities could not disregard a seller's books and make their own arbitrary estimate of mark-ups. The court said that as long as the books were there the commission had to follow them.

And in The Glidden Co. v. Glander, the same court held that federal income tax refund claims were taxable assets when they were shown on the books of the cor-

poration as an asset. This suggests that where there is any doubt about an asset you may be able to save taxes by waiting until you realize it to set it up on the books.

Billing

Sometimes the way you render your bills will make a difference in your tax liability.

In another Ohio case (Wilson d.b.a. Nu-Tred Tire Co. v. Glander), the court decided that where one person sells material and services to another the whole transaction is a single sale and is subject to the sales tax. But if there is a distinct separation on the bill between the amount charged for materials and the amount charged for labor, only the materials are taxable.

In states such as Iowa, where there is no way of ducking the use tax, the only way to protect yourself is to pass the tax along to your customers. Be sure to show the tax separate from the selling price on the bills you send to your customers.

Sales

Doublecheck all your sales procedures to make sure that they aren't laying you open to unnecessary tax liability. Making all orders subject to home office approval gives some, but not complete, protection.

Florida courts, for example, supply a good illustration. The Reliance Fertilizer Co. had a plant outside the state of Florida and shipped goods to its Florida agent in carload lots. The Florida agent then split up the shipment into small lots and made deliveries to Florida customers. The Supreme Court of Florida ruled that the shipment thereby lost its interstate character. In this and other cases, the determining factor was that the shipper retained control of the goods after it had arrived in the foreign state. This trouble can be avoided, of course, by making interstate shipments directly to customers.

States such as Washington are tough. They will stick you for unemployment taxes and other levies if you use traveling salesmen who solicit orders even though final acceptance comes from the head office. One method of avoiding this type of tax is by limiting your sales in such states to independent agents. But avoid any system that might suggest subterfuge.

If you sometimes send out top executives to clinch big orders, watch your step. The big shot may bring home the bacon, and he may also bring a tax liability along with it.

Conditional sales are another thing to watch. In seven states they count as doing business within the state.

If you sell equipment that requires installation or maintenance, it may be cheaper in some states to turn the work over to some local businessman and let him handle it for his own account.

First and last, remember that the state tax picture is changing. Methods that you have used in the past may lay you wide open to a new set of taxes in the future. The only way you can stay out of trouble is to keep reviewing your operations and changing them as the tax laws change.

Ohio's Glander Sparks Drive to Tighten State Taxes on Business

C. Emory Glander, Tax Commissioner of Ohio, is typical of the new breed of state tax collector. He is convinced that state taxes, properly administered, can produce far more revenue than they have in the past. And he is determined to make them do it.

In the past five years, Glander has practically remodeled Ohio's business tax system. He has done it not by plugging for new taxes but by tightening up relentlessly on the application and enforcement of existing taxes.

Glander is a leading apostle of the idea that out-of-state corporations should carry a full share of the tax load in any states where they do business. He argues that corporations get the protection of the states even when they are engaged in interstate commerce.

Not all of his cases have been victories, of course. Only last June, the U. S. Supreme Court gave him one of his worst setbacks. In a case involving National Distillers Corp., Wheeling Steel Corp., and U. S. Gypsum Co., it ruled that Ohio could not tax the accounts receivable of foreign corporations if they resulted from out-of-state sales. Ohio corporations, the court said, were taxed only on the accounts receivable that resulted from sales in Ohio, and foreign corporations were entitled to equal treatment.

Such occasional defeats haven't kept tax officials in other states from taking a leaf out of Glander's book. More and more states are following Ohio's example in tax enforcement. And as president of the National Assn. of Tax Administrators, Glander can egg them on.

Young (46 years old), aggressive, and well trained, Glander rates as the tax authority in his own state. In 1947, he wrote "A Study of the Tax and Revenue System of the State of Ohio and its Political Subdivisions." This is considered a bible for Ohio's tax program.

Glander is an Ohioan all the way through. He was born in West Alexandria, Ohio, took his bachelor's degree from Ohio State University in 1925. After that he taught English at Purdue and served as debate coach. He got his law degree from Ohio State in 1930 and practiced in Columbus from 1930 to 1940. From 1940 through 1944 he was executive secretary to Gov. John Bricker and wrote most of Bricker's speeches during his campaign as vice presidential candidate in 1944. Bricker appointed him Tax Commissioner in 1945; Gov. Thomas J. Herbert reappointed him for a four-year term in 1947.

REPRINTS AVAILABLE

Single copies of this Report to Executives will be available in about three weeks to BUSINESS WEEK subscribers upon request without charge—to nonsubscribers for 20¢. Additional copies will be billed at the rate of 20¢ apiece. On orders of 11 or more, quantity prices will be quoted on inquiry. Address orders for reprints to Reader Service Department, Business Week, 330 West 42nd Street, New York 18, N. Y.



Utensils of Stainless Steel Look Better, Last Longer, Sell Better, Because

If Mrs. America has her way — and she usually does in matters concerning the kitchen — tomorrow's meals will be prepared in utensils of Stainless Steel.

The everlasting beauty, the easy-to-care-for loveliness, the quick, efficient heating action and the surprisingly low prices are important reasons why she prefers products of Stainless Steel above all others.

That's why today alert designers and manufacturers are getting set for the demand of tomorrow — kitchen equipment of Stainless — *the magic metal that does so much, yet costs so little.*

If you would like engineering help or fabrication information don't hesitate to call on *Sharon.*

SHARONSTEEL

SHARON STEEL CORPORATION *Sharon, Pennsylvania*

SUBSIDIARY COMPANIES OF SHARON STEEL CORPORATION: THE NILES ROLLING MILL COMPANY, NILES, OHIO; DETROIT TUBE AND STEEL DIVISION, DETROIT, MICHIGAN; BRAINARD STEEL COMPANY, WARREN, OHIO; SHARONSTEEL PRODUCTS COMPANY, DETROIT, MICHIGAN, AND FARRELL, PENNA.; CARPENTERTOWN COAL & COKE CO., MT. PLEASANT, PENNA.; FAIRMONT COKE WORKS, FAIRMONT, W. VA.; MORGANTOWN COKE WORKS, MORGANTOWN, W. VA.; JOANNE COAL COMPANY, RACHEL, W. VA.

DISTRICT SALES OFFICES: CHICAGO, ILL., CINCINNATI, O., CLEVELAND, O., DAYTON, O., DETROIT MICH., INDIANAPOLIS, IND., MILWAUKEE, WIS., NEW YORK, N. Y., PHILADELPHIA, PENNA., ROCHESTER, N. Y., LOS ANGELES, CALIF., SAN FRANCISCO, CALIF., ST. LOUIS, MO., MONTREAL, QUE., TORONTO, ONT.



Photo by Holland

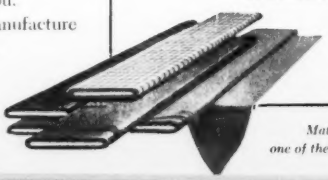
Raiment for a fairy princess

NOT EVEN A FAIRY PRINCESS could ask for finer raiment than is within your reach today, such is the wonderful array of fabrics you have to choose from! Soft and luxurious woolens . . . gay and durable cottons . . . highly versatile synthetics . . . all "custom tailored" with the aid of chemicals to insure exactly the desired texture, softness, feel or "hand," drape, fullness and other qualities.

The textile industry has persevered in its determination to increase the variety, improve the quality and reduce the cost of fabrics for you. American Cyanamid Company, through the development and manufacture of chemicals and chemical specialties, for textile processing, has contributed substantially to the results achieved, and is co-operating in full to make possible the "fabrics of tomorrow."

AMERICAN *Cyanamid* COMPANY

30 ROCKEFELLER PLAZA, NEW YORK 20, N. Y.



Materials for the Textile Industry — one of the many industries served by Cyanamid

FINANCE



DRAFT sales are down slightly, but . . .



BOTTLE buying way up. That means . . .

Beer Business Is Flush

Brewery stocks have been the big gainers in the summer market rally. Record sales in first half and declining costs of raw materials point to healthy earnings for the industry this year.

This summer's stock rally has been a particularly happy one for owners of brewery stocks. Their shares have been the outstanding performers in the show.

• **Record Year**—By last week, Standard & Poor's index of brewery issues showed a climb of 32% since the rally began. That compares with a 12% increase in the industrial average. All told, brewers' stocks have risen 58% above their low for the year.

The way the trade sees it, the hot and thirsty summer and a shift from hard liquor will put 1949's beer-and-ale sales a shade ahead of last year's 84.8-million bbl. Based on tax-paid withdrawals (amounts withdrawn from stocks for sale here and abroad) during the first half of the year, the brewers already have a good leg up on a sales record. Last week's report by the U. S. Brewers Foundation put first-half withdrawals at a new high, close to 2% above the same period of last year.

Beer sales have been climbing fairly steadily ever since repeal in 1933. Some trade people feel they will hit at least 100-million bbl. by 1960. But even with the climb, present-day per-capita consumption is far less than what it was in the days before World War I. In 1914 every American downed an average of 20.7 gal. of brew; last year's per-capita consumption was nearly three gal. short of the mark.

• **Behind the Climb**—The hike in sales is only one of the reasons for an upturn in brewers' earnings this year. Raw material costs have gone down. Barley, which is used to make malt, has been skidding in price along with other grains. And raw material costs are the prime factor in determining profits for brewers. Their direct labor costs are low in relation to sales.

The brewers have been able to gain almost immediately from these price cuts in raw materials. That's because malt beverages take only a short time to age; breweries can realize the extra profit from a wider cost-price spread in a very short time. Their actual cash position is further strengthened by the fact that many states have laws that block sales of beer and ale on credit.

• **More Bottles**—Besides the cost decline, there is another factor that has brightened the brewers' earnings outlook. People are buying more beer in bottles and cans, less on draft. About 69% of the malt beverages produced in 1948 were packaged, as against only 32% in the first year of repeal. This increased home consumption has not only added to the number of drinkers (more women, for one thing), but it has given brewers a fatter profit on their sales. Many state taxes are lower on canned or bottled beer than they are on brew in barrels. (All told, about 50% of the wholesale price of malt beverages goes for taxes. The industry has paid over $6.1-billion to the federal government alone since repeal.)

• **Robust Performers**—First-half earnings of leading brewers generally showed a healthy jump over last year. Pfeiffer Brewing Co. racked up $1,717,000,



SALES MOVE ALONG AT A "Good Clip" SAYS THINSTEEL USER

Fingernail Clippers are sold by the thousands—but many are not of repeat sales quality, the cutting edge won't stand hard service. One manufacturer* developed a better clipper and Thinsteel plays an important role in providing the right steel for the job. End result is a clipper with a keen cutting bite that holds its sharp edge for long time service. Now, sales are zooming.

Thinsteel is constantly helping manufacturers improve products by meeting unusual requirements in all specifications. Truly precision cold rolled, CMP Thinsteel may be your answer to a better product at lower cost. We'll give your inquiry immediate and interested attention.

(*Name on request)

CMP THINSTEEL TRADE MARK

LOW CARBON SPRING STEEL ALLOY GRADES STAINLESS

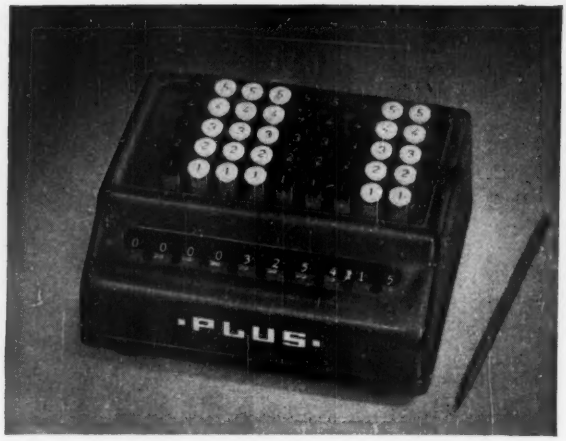
CMP

the Gold Metal Products co.

YOUNGSTOWN 1, OHIO

New York • Chicago • Los Angeles
Indianapolis • St. Louis • Detroit

PLUS



MEANS SOMETHING EXTRA FOR YOU

EXTRA SAVINGS

Plus Computing Machines cost less to buy, give years of trouble-free service. That means extra money in your budget.

EXTRA EFFICIENCY

Improved keys and touch give faster, more accurate addition, subtraction, multiplication. That means extra savings in time costs.

EXTRA FLEXIBILITY

Selection of special totalizers, as well as standard models in 6, 9 and 12 column capacities to meet your special needs. That means extra efficiency.

"IDLE KEYS" ARE SUBTRACTED *to add the biggest extra of all!*

Plus, the original part-keyboard machine, has only the first five keys normally used in all basic business computations. No matter how full-keyboard machines are made, *including Plus full-keyboard models*, operators are taught to use only the first 5 keys for speed in all the basic, everyday calculations. Amazing? but true! So, by subtracting the 6, 7, 8 and 9 keys, the Plus part-keyboard gives you a more compact, more flexible and far less costly computer . . . as low as $120.00

To sum up, your best buy is a PLUS

PLUS Dept. 259, 37 Murray St., N. Y. 7

Please send me, free, descriptive booklet.

NAME .....

COMPANY .....

STREET .....

CITY ..... STATE .....

PLUS COMPUTING MACHINES Inc.

37 Murray Street, New York 7, N. Y.

Subsidiary of Bell Punch Company—Established 1878

compared with $866,000 in the first half of 1948. Goebel Brewing Co. earned 75¢ per common share, 45¢ last year. Falstaff Brewing Corp. made $2.7-million, against about $1.7-million in the first half of 1948. Jacob Ruppert was an exception. Mainly because of a prolonged strike in the New York area, it showed a deficit of $3.33 per common share, compared with earnings of 8¢ per common share last year.

• **Sad History**—Brewers' earnings today look a lot healthier than they did before the war. When beer came back in 1933, a good many investors bought brewery stocks, expecting to get in on a good thing. Most were disappointed. Widespread price cutting among breweries forced many firms out of business. About 725 breweries reopened in 1933. But only about 425 are operating today.

• **Concentration**—Since repeal, the bigger brewers have been taking a steadily increasing share of the business. That has meant a more stable earnings position for them. Before prohibition, there were over 1,400 breweries, mostly small, family-owned affairs, selling draft beer within a radius of 20 mi. or 30 mi. But even in pre-Volstead days, the small brewers got stiff competition from bigger "shipping brewers" who backed up their product with advertising and saloon tie-ins. These big brewers distributed by rail on a national scale; in the main, they sold bottled beer at premium prices.

Since repeal, the smaller brewers have been definitely outpaced by their bigger competitors. The heavy cost of modern brewing and bottling equipment is a handicap. And the trend toward packaged beer favors the bigger brewers, because they alone can swing expensive advertising campaigns.

It's true, of course, that rising rail freight rates have eaten into the shipping brewers' profits. But several of them have already countered by setting up new plants to serve their distant markets.

• **Domestic Leaders**—There are three brewers that market on a national scale today: Jos. Schlitz Brewing Co. and Pabst Brewing Co., both of Milwaukee, and Anheuser-Busch, Inc., of St. Louis. Several other brewers distribute on a semi-national scale. They usually have several plants in different areas, sell their beer at popular prices. Among them are Ballantine & Son, of Newark; Falstaff Brewing Corp., St. Louis; Blatz Brewing Co., Milwaukee; Theo. Hamm Brewing Co., St. Paul; and Goebel, Detroit. The stock of most of these companies is closely held, and (except for Falstaff and Goebel) is not listed on stock exchanges. Some get part of their income from other products besides beer.

• **Rise of the Regionals**—The development of truck transport has been a main



FOR INDUSTRY PROGRESS
in Production and Marketing

"The World's Fair of the Dairy Industry" frankly carries a crusading torch. This torch is scribed, "ACCOMPLISHMENT"—and by its blaze the Dairy Industry would light its own way better on the craggy road of Public Service, marking bright its progress for the world to see and judge the merit of our Industry endeavor.

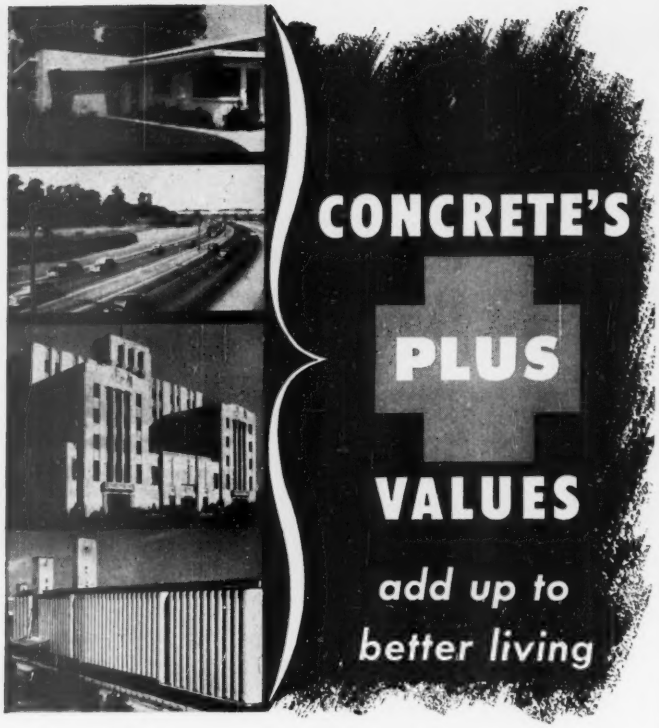
International Shows and Educational Exhibits of the finest animals, methods, equipment, products, and experience of the multi-billion dollar Dairy Industry are shining examples of individual Accomplishment that give the Exposition brilliance—and give inspiration and incentive for like achievement throughout the broadest further ranks of Dairymen.

Other feature Exposition presentations high-light for Consumer appreciation the dynamic values of the Industry and its Products for national health and economic welfare. This story is tremendous—and its telling makes a spectacle no flim-flam can obscure.

We invite you, as a Dairy Industry Customer, Supplier, Representative, to attend, take part in, ADVOCATE the Exposition and its purposes. Your benefits from Dairy Industry accomplishments are all the more constructively enhanced thereby.



OCTOBER 8-15



Yes, the building material with the most *plus* features is portland cement concrete.

✚ Concrete protects lives and property from fire in homes, apartments, schools, factories and offices. *Concrete can't burn!*

✚ Concrete saves money when used to build roads and streets, farm improvements, sewers, dams and structures of all kinds. That's because concrete's first cost is moderate, it has long life, costs less to maintain. It's ***low-annual-cost*** construction.

✚ Concrete serves longer. Its strength and stamina make it durable; it also resists fire, weather, vermin and termites.

✚ Concrete safeguards health. Concrete pipe brings clear, pure water to homes, factories and offices and removes domestic and industrial wastes. Concrete structures are warm in winter, cool in summer and clean, dry and comfortable the year around.

All these *pluses* add up to greater value and better living. So next time you face a building problem choose firesafe, durable, ***low-annual-cost*** concrete construction.

PORTLAND CEMENT ASSOCIATION
33 W. Grand Ave., Chicago 10, Ill.
A national organization to improve and extend the uses of portland cement and concrete . . . through scientific research and engineering field work

factor in the growth of big regional brewers. These companies distribute within a radius of about 300 mi. Their strength has grown in the last few years because of the increased freight charges national shippers have had to pay. Among the regional brewers listed on stock exchanges are Jacob Ruppert, New York; Griesedieck Western Brewery Co., Belleville, Ill.; Ft. Pitt Brewing Co., Sharpsburg, Pa.; DuQuesne Brewing Co., Pittsburgh; and Pfeiffer, Detroit.

FINANCE BRIEFS

Dividend reductions or omissions are becoming almost as frequent as dividend increases. One compilation of stocks listed on the Big Board and the Curb: Through mid-August, there were 250 increases, 236 reductions or omissions. The record for all of 1948: 601 increases; 116 cuts.

•

Kaiser-Frazer Corp. lost $8.1-million in 1949's first half, partly because of new-model development costs. In the same period last year, it earned $6.2-million.

•

Rubber-company earnings in the first half of the 1949 fiscal year are sharply lower than a year ago. Goodyear reported a 43% drop in profits; U. S. Rubber, 39%; Firestone, 33%; Goodrich, 19%. U. S. Rubber has just cut its common dividend to 50¢ a share; it had been paying $1 quarterly.

•

Reorganization plan of Waltham Watch Co. has been approved by stockholders. One new share will be issued for each 10 old shares; a 10-year, $6-million RFC loan will supply new working capital.

•

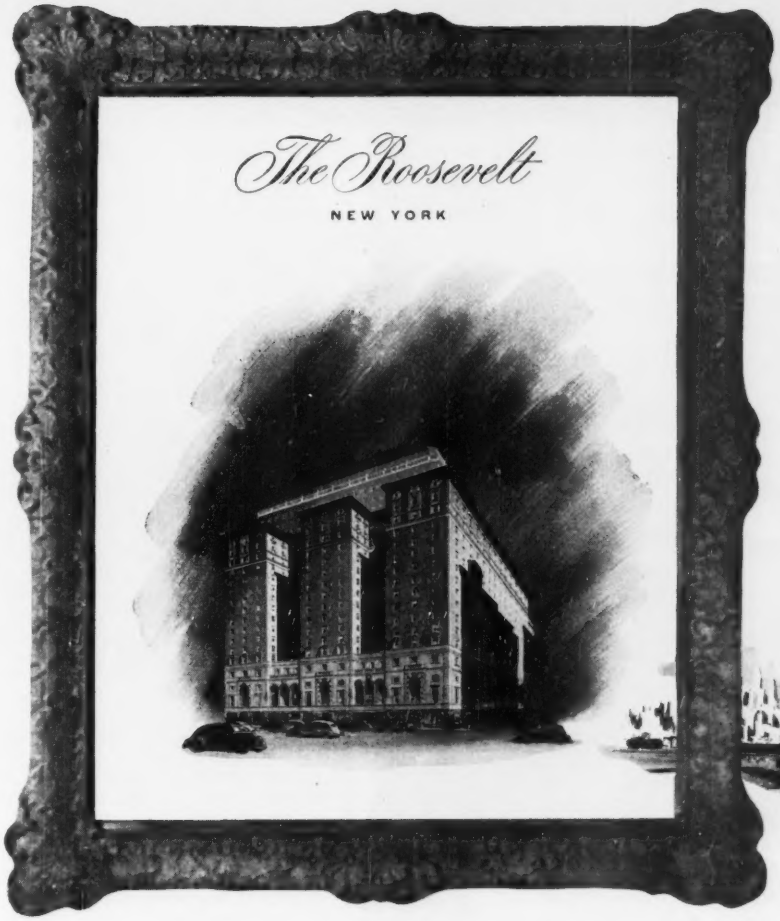
Domestic mortgage debt rose some 19% in 1948 to over $52.3-billion, according to the Mortgage Bankers Assn. of America. Life insurance companies hiked their mortgage holdings by $2.3-billion (28%), commercial banks by $1.5-billion (15%), savings and loan associations by $1.4-billion (16%).

•

Employee dishonesty is now at a record high and still rising, reports Paul Brown, vice-president of Lumbermens Mutual Casualty Co. The nation's fidelity-bond losses were $16.8-million in 1948 vs. $11.7-million in 1945, he says, and the current rate is almost twice that of 1945.

•

Shell Union Oil Co. directors are seriously discussing simplification of the company's present capital structure. Some proposals to stockholders appear likely before long.



...another famous hotel under Hilton operation

The conveniently located Roosevelt with its direct passageway to Grand Central Terminal and subways is within a few minutes from offices, theatres, clubs and shops. The food, service and appointments of this fine hotel are in keeping with friendly Hilton hospitality. Home of the renowned Roosevelt Grill.

Use our new Inter-Hotel Reservation Service or teletype your nearest Hilton Hotel

Hilton Hotels
ACROSS THE NATION

C. N. HILTON, PRESIDENT

EXECUTIVE OFFICE • THE STEVENS • CHICAGO 5, ILLINOIS

HILTON OPERATED HOTELS

In Chicago
THE STEVENS *and*
THE PALMER HOUSE

In New York
THE PLAZA *and* THE ROOSEVELT

In Washington, D. C.
THE MAYFLOWER

In Los Angeles
THE TOWN HOUSE

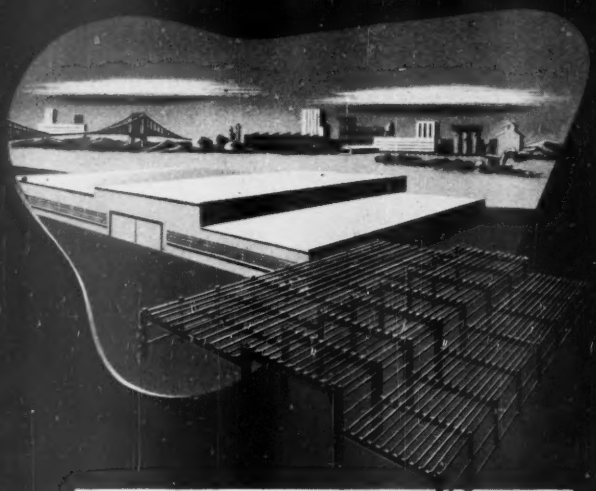
In Dayton, Ohio
THE DAYTON BILTMORE

In El Paso and Lubbock, Texas
THE HILTON HOTEL

In Albuquerque, New Mexico
THE HILTON HOTEL

In San Juan, Puerto Rico
THE CARIBE HILTON
(Opening late in 1949)

You get unlimited design at less cost with McCloskey Buildings



If you need an unusual structure yet must build with economy, then a McCloskey Building is the answer to your problem. These Rigidsteel buildings are tailor-made in any width, length and height. They can be designed to carry any load you may require at any place on the frame. McCloskey Buildings give you more usable cubage than buildings of less advanced design, yet are economical to build and maintain. To learn how to get a building exactly suited to your operations at a saving, send today for your copy of "The McCloskey Story." Write or wire the McCloskey Company of Pittsburgh, 3401 Liberty Avenue, Pittsburgh 1, Pa.

McCloskey Company
of Pittsburgh

Wall St. Qualms

Merger of Midwest exchanges is now set for next month. N. Y. traders wonder about loss of business.

Wall Street has begun to worry a little bit about the merger of midwestern stock exchanges (BW—Jun.4'49, p88). The long-talked-of linkup of the Chicago, Cleveland, St. Louis, and Minneapolis-St. Paul exchanges was definitely set last week for Sept. 15. Cincinnati will vote on coming in Sept. 12. Now some Streeters are wondering if they will feel the competitive pinch.

• **Regional Loss**—For one thing, they may lose some of the trading in local issues. The new market will specialize in these regional corporation shares. A combined, centralized trading center should be in a good position to siphon off some of the business from the Big Board.

Another thing that needles some Streeters is the fact that members of the new board will be able to engage in "unrestricted trading" off the board in certain inactive stocks. These more liberal trading rules will give members of the Chicago market a better chance to buck over-the-counter competition. And, unlike the Big Board, which restricts membership to unincorporated brokerage houses, the new market will welcome small-town incorporated investment houses. It will also take in big incorporated underwriting companies that have large stock trading facilities.

• **Still Nameless**—Even though the merger becomes effective next month, the new board won't start operating much before mid-November. Getting its headquarters set up in the present Chicago exchange will take time. And there is still the business of deciding on a name.

Nominating committees, though, have already been picked to choose the initial board of governors. And within 60 days after the merger, the members will make their choice of a name.

• **Bargain Rates**—During the same 60-day period, corporations that now have stocks listed on the participating boards can transfer their listings to the new exchange without charge. And until the deadline, members of the various exchanges can buy memberships on the new board for $2,500. After Nov. 15, the seats will be sold only on the open market.

Last week, a bull market in seats on the Chicago Stock Exchange showed the traders had high hopes for the new mart. In a few days, the price jumped from about $3,300 to $4,100.



How do you sell a man who has his mother along?

Bud Bhrit's the Silver Spoon Kid in this town—VIP family, church pillars, with pieces of local banks . . . famous father who left a flock of friends, and successful businesses when he died, and they say his mother sort of snoots Local Society. Bud has personality, and good looks enough for twins . . . too much of everything! Loafed through school and in college was strictly a good time Charley.

He took the War hard, though . . . in as a boot Marine, out as a First Looie with a *smorgasbord* of ribbons. Came home to the family businesses, and a year ago he tossed out the trustees and started to run things—but good! Also picked up a metal furniture factory on his own . . . Which disappointed the tut-tutters who figured the poor little rich boy in business would flop hard!

Anyway, I thought he could use a few postage meters . . . He said he'd see me, if I came at six p.m. to the furniture factory.

He caught on quick to the postage meter. "Prints postage, eh! Oh, I see . . . die makes an ink impression on the envelope . . . meter stamp, postmark—and with the meter stamp, an ad free! . . . Hmm—print anything but threes!"

I indicated the dial you turn to get *any* amount of postage, for any kind of mail. He liked the idea of buying postage by having the postoffice set the meter, then printing it as you need it—and always having your postage protected and also automatically accounted for by the meter.

"DIM FUTURE for ordinary stamps," he said. "About time, too. I threw away wads of airmails in the Islands—fouled up with sweat . . . What's this?"

He tried the device for sealing envelope flaps, and played with the meter as if it were a machine gun, asked about the fast service metered mail gets in the postoffice . . . then seemed to cool off.

"Fine thing in some offices, but we don't need one. Not much mail around here, and anyway, the girls can whip it out."

But before I could say anything . . .

"Why Bud, your secretary was still working on the mail a half hour ago when I got here. Serve you right if she leaves. Give the man his order—it's after seven now, and I don't like men who make me wait for my dinner!"

Bud laughed. "There's the boss," he said, and introduced his mother . . . sixty something and still beautiful, with a wonderful smile and voice.

Bud excused himself to wash up.

Mrs. Bhrit lowered her voice. "I *hated* sticking stamps and sealing letters when I worked for Bud's father thirty years ago . . . I would have liked a postage meter then!"

Oh Boy! Wonder if Research could get lists of office girls who married their bosses! What a slogan for postage meters! . . . *Ask the girl who didn't have one!* . . . Well, anyway, I now have five meters in Bhrit enterprises . . . and three still to go!

WITH today's high clerical costs . . . metered mailing shows a considerable *saving* in the busy office . . . is worth its cost in *convenience* in any size office—small or large! . . . For full facts what the postage meter can do in your office . . . write for . . . "*So You Have No Mailing Problems?*"



NEW DESK MODEL!...The DM is a postage meter for everybody! ...only a little larger than your phone—but it stamps and seals mail of all kinds and classes!... Write for descriptive folder...today!

PITNEY-BOWES Postage Meter

PITNEY-BOWES, Inc.,
1402 Pacific Street, Stamford, Conn.

Originators of the postage meter . . . largest makers of mailing machines . . . offices in 93 cities in U. S. and Canada.

Pittsburgh
Chain-Link
Fence

For complete protection of your property and equipment consult our chain-link fence experts. They will plan an economical installation and give you a free cost estimate. Write today!



PITTSBURGH STEEL COMPANY
GRANT BUILDING, PITTSBURGH 30, PA.

THE MARKETS

	Price July 1	July-August High	July-August Low	Price Aug. 19	Change In $	Change In %
Barley (bu.)	$1.22	$1.32½	$1.22	$1.32½	$+0.10½	+ 9
Burlap (yd.)	.148	.174	.148	.171	+0.023	+15
Butter (lb.)	.595	.619	.595	.618	+0.023	+ 4
Cocoa (lb.)	.195	.240	.192	.230	+0.035	+18
Coffee (lb.)	.272	.285	.272	.285	+0.013	+ 5
Copper (lb.)	.159	.175	.159	.175	+0.016	+10
Corn (bu.)	1.37	1.43½	1.22⅛	1.24	−0.13	− 9
Cotton (lb.)	.326	.326	.308	.308	−0.018	− 6
Cottonseed oil (lb.)	.125	.180	.116	.174	+0.049	+39
Flaxseed (bu.)	3.60	3.90	3.60	3.90	+0.30	+ 8
Hides (lb.)	.228	.245	.228	.240	+0.012	+ 5
Hogs (cwt.)	21.45	23.37½	20.25	21.50	+0.05	*
Lard (lb.)	.109	.134	.108	.131	+0.022	+19
Lead (lb.)	.120	.151	.120	.151	+0.031	+26
Print cloth (yd.)	.125	.145	.125	.145	+0.02	+16
Rosin (cwt.)	6.50	6.63	6.42	6.56	+0.06	+ 1
Rubber (lb.)	.164	.168	.161	.165	+0.001	*
Shellac (lb.)	.585	.585	.565	.575	−0.01	− 2
Silk (lb.)	2.70	2.70	2.70	2.70	.....	....
Steel scrap (Chgo., ton)	19.50	22.50	19.50	22.50	+3.00	+15
Steers (cwt.)	26.37½	26.37½	25.50	25.75	−0.62½	− 2
Sugar (lb.)	.0585	.0590	.0575	.0590	+0.005	*
Tallow (lb.)	.055	.072	.051	.072	+0.017	+31
Tin (lb.)	1.03	1.03	1.03	1.03	.....	....
Wheat (bu.)						
Kansas City	1.92¾	2.05¾	1.92¾	2.02⅛	+0.09⅜	+ 5
Minneapolis	2.27½	2.34⅜	2.07⅛	2.13¼	−0.14¼	− 6
Wool (lb.)	1.580	1.675	1.580	1.675	+0.095	+ 6
Zinc (lb.)	.097	.107	.097	.107	+0.01	+10

* *Less than 1%.*

Spot Commodities Climb

And it looks as though business spending is the real thing. Index of 28 spots shows rise of nearly 8½% above June 30 low. Best performers: fats and oils. Weakest spots: farm commodities.

Business spending to rebuild inventories looks like more than a flash in the pan. That's the story told by spot commodity prices (table, above).

• **Climbing**—The index of 28 sensitive spot commodities (August, 1939, equals 100) hit bottom at the end of June. It has been rising ever since, now is up nearly 8½%. At 247, the index is the highest since last April (but still below its postwar peak of just under 360).

Had it not been for uneasiness in several major farm commodities, the index would have done even better. Numerous individual commodities—many of them basic industrial raw materials—are way ahead of the average.

• **Fats and Oils**—Sharpest advance has been in fats and oils. It started in cottonseed oil after the government announced a program to support the price. But the move gained speed when the general crop report on Aug. 1 conditions showed that oil seeds would be much less plentiful than last year.

Supplies of cottonseed apparently will be about the same as in 1948. But the peanut harvest is estimated at only about 1.8-billion lb. That's the first crop of less than 2-billion lb. in eight years; it's nearly 25% smaller than last year's 2.3-billion lb. And the soybean harvest is put at 202-million bu. against 220-million last year.

• **Print Cloth**—One commodity that directly reflects the comeback in the

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	148.5	149.7	148.0	157.7
Railroad	37.9	38.7	37.8	49.4
Utility	75.4	75.7	73.4	70.8
Bonds				
Industrial	98.0	98.0	98.6	97.7
Railroad	82.5	82.3	80.1	86.3
Utility	97.8	97.9	97.4	95.2

Data: Standard & Poor's Corp.



Do you have a special timing problem?

Does your finished product require a timing motor? . . . time machine? . . . clock movement? Do you have any special synchronizing problems, any timing functions requiring an exact duplication of operation? For accurate performance under all working conditions, for overall economy, you can depend upon SYNCHRON (patented) Timing Motors to do the job.

SYNCHRON Motors and Clock Movements are self-starting and self-lubricating. Install 'em and forget 'em! But ask your secretary today to write for prices and engineering details.

HANSEN MANUFACTURING CO., INC.
Princeton 10, Indiana . . . makers of

SYNCHRON

TIMING MOTORS—TIMING MACHINES

Since 1907—A pioneer in the design and manufacture of Timing Motors.

soft-goods industries is print cloth. After sliding for 18 months (from above 28¢ a yd. down to 12½¢) this basic material of the cotton textile trade was quick to signal the first signs of life in cloth demand. Its rise, though only 2¢ a yd., has been the first heartening news in New York's Worth Street, heart of the cotton goods market, since the beginning of 1948.

• **Metals**—Nonferrous metals prices, after a brisk advance, show little sign of doing much at the moment. Nevertheless, the volume of orders booked continues to run very substantially above the spring and summer lows.

The biggest spurt in lead demand has come from the makers of replacement batteries. The upturn in copper and brass products is diversified, with demand for copper tubing conspicuous. And, in zinc, orders from galvanizers are in very good volume (partly for fear a steel strike may cut off supplies of galvanizing sheet).

Similarly, steel scrap has come to life with a $3-a-ton rise.

• **Weak Spots**—Failure of grains and cotton to take part in the commodity spree is largely attributable to uncertainty over price-support legislation. Not knowing which of the pending farm plans may go through, traders are gun shy.

Bears Still Stand Their Ground

Whatever has been propelling the stock market's summer rally, "short covering" by scared bears hasn't yet proved much of a factor. Since prices started to turn upward, any buying to cover short positions has been overwhelmed by spates of new short selling.

• **Plenty of Bears**—For bearish stock traders still abound in Wall Street. And they continue thoroughly convinced of one thing: The June-August rally has signified no basic change for the better in the discouraging price trends in the market since 1946.

• **Short Sales**—Short sales on the books on Aug. 15 totaled some 2-million shares, the New York Stock Exchange reported last week. That doesn't appear so formidable, it's true, when compared with the 5.6-million share short-position record set in May, 1931. Still, it's 25% larger than the figure for mid-June, when the current rally was just starting. And it is the biggest short position the Big Board has chalked up since September, 1932.

Popular short sales lately have been various steel, auto, rail and textile issues. Only a few sections of the stock list have remained untouched. Short positions were recently held in 60% of all Big Board issues, against 56% in mid-June.

• **The Record**—Here are the 45 Big Board stocks that showed short positions of over 10,000 shares in mid-August—also the five New York Curb issues reported to have short positions of over 5,000 shares:

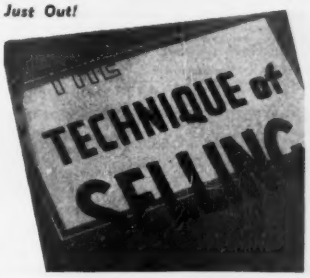
N. Y. Stock Exchange	Short Interest June 15, 1949	Short Interest Aug. 15, 1949
Admiral Corp.	23,178	23,254
American Airlines	7,465	10,190
Amer. Tel. & Tel.	33,671	22,953
Amer. Viscose Corp.	7,260	10,370
Amer. Woolen	37,032	46,609
Avco Mfg. Corp.	20,200	17,125
Baltimore & Ohio	7,880	11,345
Bethlehem Steel	10,194	19,094
Burlington Mills	6,520	10,545
Celanese Corp.	12,614	15,824
Chrysler Corp.	29,083	46,102
Colorado Fuel & Iron	3,800	11,150
Curtiss-Wright Corp.	16,590	49,114
E. I. du Pont de Nemours	3,959	16,673
Pedders-Quigan Corp.	17,415	15,380
General Motors Corp.	33,853	41,062
B. F. Goodrich Co.	6,605	12,226
Houston Oil Co. of Tex.	10,207	14,362
Hudson Motor Car Co.	37,073	50,989
Illinois Central	26,340	29,030
International Paper	30,299	42,125
Int'l. Tel. & Tel.	11,000	12,915
K. C. Southern Ry.	11,440	12,535
Magnavox Co.	15,398	36,150
Mo.-Kan.-Tex. pfd.	20,304	30,940
Nash-Kelvinator Corp.	10,225	13,375
New York Central	11,120	11,770
New Haven R.R.	10,005	14,282
Pepsi-Cola Co.	38,317	29,947
Philco Corp.	11,395	17,012
Radio Corp.	15,935	14,820
Reo Motors	8,805	11,890
Richfield Oil Corp.	24,859	30,745
St. Regis Paper	4,380	15,260
Sears, Roebuck & Co.	24,318	29,384
Southern Pacific	9,407	20,195
Stand. G. & E. $4 pfd.	15,090	18,260
Studebaker Corp.	27,278	46,877
Trans. & Western Air	4,000	12,740
Tri-Continental Corp.	6,200	13,000
Union Carbide	12,589	13,710
U. S. & Foreign Securities	10,335	18,450
U. S. Steel Corp.	61,406	56,086
Universal Laboratories	1,600	13,940
Western Union	12,570	11,075
N. Y. Curb Exchange		
Kaiser-Frazer	49,573	44,225
Col. Fuel & Iron warrants	10,400	12,900
Cities Service	8,085	10,415
Selected Industries	9,100	9,450
Electric Bond & Share	3,428	5,053

THERE'S A CHAMPIONSHIP TECHNIQUE IN SELLING, TOO

Here are proven methods that help you sell more in today's tougher markets

TOP-NOTCH salesmen don't rely on "spur-of-the-moment" inspiration in their selling. They use selling practices that have been proven consistently successful under all conditions. In this book a crack salesman, with the approach of an efficiency expert, gives you a scientifically-organized method of attack. He cuts out "magic formulas" and sharp spiels . . . gives you instead a set of selling basics every single one of which has been double-checked for its efficiency in today's tougher markets.

Just Out!



By KELSO SUTTON

419 pages • 6 x 9 • $4.00

Here's a "technique" of selling that shows you how to keep the orders coming in *consistently*. Whatever your individual problem, you'll find sales-building answers in this up-to-the-minute manual, covering these and all other important aspects of selling procedure:

HOW TO USE PSYCHOLOGY
How to overcome discouraging factors—when to use the direct attack—how to size up your prospect—how to reduce tension on the part of a buyer, etc.

BEST METHODS OF PRESENTATION
Stimulation of want—appeal to buying motives—creating buyer interest—dramatizing your presentation, etc.

CLOSING THE SALE
The step-by-step closing that makes it easier to get the order—what a successful closing depends on — timing — the indirect close—closing an industrial buyer, etc.

Written by a champion salesman! **Kelso Sutton, author of THE TECHNIQUE OF SELLING, was New England sales promotion manager for American Radiator & Standard Sanitary Corp., and sales supervisor for Sylvania Electric Products, Inc. At present, he is sales consultant to several of the country's largest corporations.**

10-DAY FREE TRIAL!

McGraw-Hill Book Co., Inc.,
330 W. 42d St., NYC 18

Send me Sutton's TECHNIQUE OF SELLING for 10 days' examination on approval. In 10 days I will remit $4.00, plus few cents for delivery, or return the book postpaid. (We pay for delivery if you remit with this coupon; same return privilege.)

Name .....

Address .....

City .....Zone.....State.....

Company .....

Position BW-8-27-49

This offer applies to U. S. only.

Beat that Break-Even Point



Water heater manufacturers
SAVE up to $1.15 per unit
with NELSON STUD WELDING

● If your product is fabricated from steel, chances are that you can slash fastening costs 50 percent or more with stud welding. Investigate this remarkably fast, dependable means of end-welding fastener studs. Operators average 100 to 300 welds per hour with the portable Nelson gun.

Write for application catalog. Nationwide field engineering service.

NELSON STUD WELDING
Division of Morton Gregory Corporation
2735 Toledo Ave. Lorain, Ohio
NELWELD

AVAILABLE NOW!

Industrial Properties

MODERN BUILDINGS
DESIRABLE LOCATIONS

New England	350,000 sq. ft.
Western New York	140,000 " "
Central New York	30,600 " "

These and many other industrial locations in New York, New Jersey and New England now ready for sale through **direct negotiations.** No sealed bids!

GENERAL SERVICES ADMINISTRATION
War Assets

40 WALL STREET NEW YORK 5, N. Y.

LABOR



DOUBLING UP: Off-hour commuter trains will load on through-service level as . . .

Rails Tighten for Short Week

Sept. 1 sees start of 40-hour week for all nonoperating employees. Change-over involves mass reorganization and consolidation of services. Added costs spur drive for mechanization.

The times—and an arbitration award—have caught up with railroading. Next week all nonoperating employees of the nation's railroads go on a 40-hour week. The change-over means a monumental task of reorganization.

• **Scope**—You can get a rough idea of what is involved by looking at the Chesapeake & Ohio Ry. Sometime around the deadline date, the Chessie will have to take on 2,014 more workers. In the added crew there will be 1,432 hands recalled from furlough, and 502 new employees. The new payroll entries, plus the cost of other changes, will run the C.&O. about $559,000 more a month.

The Chessie's case is typical of the dollar-stretching act that faces all the roads. The 40-hour week goes into effect at practically the same pay (56¢ less a week) that employees got for 48 hours of work.

In all, about 1.5-million workers, from crossing watchmen to office clerks, will be affected by the change-over. Their cut in work-time is actually the dessert to the findings made by an arbitration board last Dec. 17. The main course was the 7¢-an-hour pay hike that took effect as of last October.

• **Conflicting Views**—Railroad men say the new hours are going to cost the industry at least $450-million a year. The Interstate Commerce Commission's stand is that most of it can come out of the 3.7% freight-rate hike that takes effect Sept. 1. Added revenues from the increase have been estimated at $293-million a year.

The unions argue, however, that once a workable system is set up, there will be little, if any, additional cost. The brotherhoods say that most of the improvements in the industry have come as the direct result of the carrier's efforts to offset the economic gains of employees. The coming of the 40-hour week, the unions contend, will mean greater efficiency, all the way down from top management to the lowest level.

• **Tighter Reins**—Whether or not the unions' contention is correct, there already is plenty of evidence of a general tightening up by management. For one thing, almost all passenger ticket offices outside the terminals will be closed on Saturdays and Sundays. In divisions that have to operate on an every-day, round-the-clock basis, the work force will be staggered. Some employees will start in mid-week, to cover week ends. And for sections like the clerical department, crossing guarding, and maintenance, plans for

further mechanization are under way. The day of the hand tie-tamper and weed mower goes out with the 48-hour week.

Several roads already have serious studies in the works aimed at cutting the amount of paper work wrapped around every transaction. Another goal is to install more office machines.

• **Overtime Out**—For all practical purposes, the end of the 48-hour week means the end of overtime pay. Older employees are already grumbling about that. They have been content with the hours—but not the wage rate—all along. Actually, the younger, rank-and-file employees in the brotherhoods were the ones that forced the hours issue.

Despite the railroad's campaign against the hours cut, there are a few officials now who concede the change-over may do some good. These officials are quick to agree, in private, that the seven-day week for men in routine jobs is out of step with the times. As one C.&O. official put it, "This is fundamentally an organization problem. We will have to streamline management as well as operations, and some of the old methods will have to go. But some good will come out of it, particularly in the field of supervision, which has always been weak."

• **Observers**—The way the nonop's 40-hour week pans out will be watched closely by the members of the trainmen and enginemen brotherhoods. Already the yard employees, both service and operating, have asked for the 40-hour week or increases.

The New York Central R.R. sees the Sept. 1 change-over as affecting 83,700 of its nonoperating employees. The New York, Chicago, & St. Louis R.R. (The Nickel Plate) expects to increase its payroll by about 4%. Some new help will be needed, in addition to former employees now on furlough. The Erie R.R. figures that 16,900 of its 22,000 to 23,000 work force will be affected. Cost was first estimated at $6-million annually; it has since been scaled down to $4-million.

• **Bad Traveling**—So far the railroads' plans for tightening up seem to be going smoothly. But in the months ahead they may run into bumper roadbeds. One portent of trouble has already come out of Georgia. The state public service commission had given the roads permission to close freight offices on Saturday so the 40-hour week wouldn't be an undue hardship. But after the ICC's rate hike, the Georgia commission changed its tune. The commission chairman warned that the railroads would not receive both adjustments for the same expense. The railroads will have to prove, he said, that "there is no need for service at every point where they propose to discontinue it on Saturdays."



NO INCREASE IN PRICE ON NEW ZIPAK DISPENSER AND BLADES

ZIP and you have a new blade ready for shaving from the new PAL ZIPAK. Cover and base designed by Engineering Department of Pal Blade Co., Inc., with the cooperation of Perry Plastics — molded from Koppers Polystyrene by Perry Plastics, Erie, Pa.

Two months after introducing the ZIPAK dispenser, sales of Pal blades had rocketed to three times their normal dollar volume—and were still going up. Behind this sales record is an interesting story of package design and pricing.

Previously, Pal blades had been wrapped individually in paper. In the new ZIPAK, paper wrapping is eliminated. Blades are dispensed clean, sharp and ready to use. Nothing touches the edge of the blades from the time they leave the factory until they are actually used.

The designers of the new case of Koppers Polystyrene performed a "near" miracle. They came up with a completely new package with more sales appeal and more customer benefits—*but the price of the blades plus dispenser stayed the same!*

The low cost and fast molding cycle of Koppers Polystyrene played an important part in keeping the cost of the ZIPAK low. Millions of plastic dispensers were molded quickly at a unit cost comparable to previous packaging costs.

Customers were quick to spot the added value and that's the story of another sales success.

WHY KOPPERS POLYSTYRENE WAS CHOSEN

- **Low cost per pound.**
- **More pieces per hour due to fast molding cycle.**
- **More pieces per pound because of light weight.**
- **Unlimited color selection.**

KOPPERS COMPANY, INC.
Chemical Division, Pittsburgh 19, Pa.
Regional Offices in New York, Boston, Chicago and San Francisco

KOPPERS

Koppers Company, Inc.
Chemical Division, Dept. BW-8
Pittsburgh 19, Pa.
Please send me data on Koppers Perfected Plastics.
Name.....Position.....
Company.....
Address.....

Koppers Perfected Plastics

•POLYSTYRENE •ETHYL CELLULOSE •CELLULOSE ACETATE

VIKING FLUSH-TYPE SPRINKLER HEADS
PRESERVE THE
LINES OF MODERN DESIGN





You can retain the full beauty of modern interior design yet have efficient, effective fire protection . . . by installing Viking flush-type sprinkler heads. Viking sprinklers fit flush with the ceiling. They are easy to install and are unsurpassed in effective water distribution. Fully approved by Underwriters' Laboratories.

Write for illustrated bulletin.



THE VIKING CORPORATION
HASTINGS, MICHIGAN

WHEN CONTROLS GO HAYWIRE . . .

Don't blame the instruments



It may be the air—*moist* air—you're feeding those instruments. Water condenses in the lines, rust and sludge form, and delicate ports get clogged. DRY that air with a Lectrodryer and these instrument troubles are over.

Lectrodryers are DRYing instrument-air in petroleum refineries, chemical processing and power plants all over the world. If you're having trouble, send for the questionnaire that helps you describe your conditions. Pittsburgh Lectrodryer Corporation, 300 32nd Street, Pittsburgh 30, Pennsylvania.

Send for Bulletin 216
"Because Moisture Isn't Pink"

LECTRODRYER
REGISTERED TRADEMARK U. S. PAT. OFF.



AS INDUSTRY SEES IT, steel factfinders must prove freedom from union bias. And even then . . .

Facts Aren't All

Republic Steel's White hints that it will take direct bargaining to settle wage dispute—even after "facts" are in.

Challenged by industry to prove they are not a union tool, the steel factfinders will send their recommendations to Truman next week. The expectation is that the factfinding board will come up with something that would cost the steel companies around 10¢ an hour in increased labor costs.

• **Not Final**—But the windup of factfinding may not bring an immediate settlement of the steel wage dispute. When Republic Steel's president, Charles White, appeared before the board last week, he hinted broadly that, no matter what its recommendations, a final settlement would have to be bargained out between the parties directly.

With unusual candor, White laid it on the line. "We've got to fight the thing out if labor and industry can't reach the right results," he declared. "That's the way I look at bargaining and if they think we are wrong, they strike us, see. That's the way this thing should work; it is a hell of a good way to work it."

• **Strikes Preferred**—Admitting that strikes were bad medicine, White nevertheless defended them as a better way of solving differences than government dictates. "If that's the way it has to be worked out, why every strike comes to an end," White told the board extemporaneously. "Everybody gets a lot of things off their chests and they say a lot of dirty words, and they

WE'RE NOT SO DUMB, WE WORK FOR COOL, COMFORTABLE SAKS FIFTH AVENUE !



CONSULTING ENGINEER FOR SAKS FIFTH AVENUE, NEW YORK: CHARLES B. LEOPOLD

*Worthington makes more of the vital components—compressors, condensers, engines, turbines, pumps—for completely engineered systems or unit conditioners, than any other manufacturer. And its over-50-year experience in manufacturing air-conditioning and refrigeration equipment is balanced by the engineering experience of selected distributors. Locate the one nearest you in Classified Telephone Book and find out why *there's more worth in Worthington*. Worthington Pump and Machinery Corporation, Air Conditioning and Refrigeration Division, Harrison, N.J.

WORTHINGTON

AIR CONDITIONING AND REFRIGERATION

(*advertisement*)



"... going to attend our regional meeting in Baltimore. If you want to get in touch with me, of course I'll be at The Lord Baltimore Hotel."

NEW SWEEPER FOR FACTORY FLOORS

"Saves $142.80 every week"

Large Electric Manufacturing Co. says that these savings represent 87% of their previous sweeping costs in one department alone and will pay for the equipment in six weeks.

PLANTMAN is the low cost motorless sweeper equally suitable for small or large areas. Removes trash, dirt, metal and scrap. Priced from $100 to $185 with sweeping widths from 20" to 34".

Write for literature.

HANDLING DEVICES CO., INC.

Department A

581 Boylston St., Boston, 16, Mass.

★ "THE MOST VALUABLE ADVERTISING SPACE YOU CAN USE"

SEND TODAY FOR THIS FREE GUIDE TO BETTER NAME PLATES

AMERICAN NAME PLATE & MFG. CO.

DEPT. D, CHICAGO 24, ILL.

LOS ANGELES, CALIFORNIA

Industrial Property

Improved and unimproved. From one acre to five acres. Trackage. Easy truck access. Reasonable terms. Write owners, 1601 S. Western Avenue, Los Angeles 6, California.

BUSINESS WEEK

First in the minds of advertising-men for advertising business-goods and services to management.

BUSINESS OPPORTUNITIES

offered or wanted, personnel, financing, equipment, etc., may be found in Business Week's

clues

seem to feel awfully good after it is all over and they are back at work."

Board member Samuel Rosenman quizzed White on his rejection of both employee need and company ability to pay as proper criteria for setting wage rates. White offered the opinion that competition should determine them.

Until the board's recommendations are made known, and the reactions of the employers and union are registered, the fourth round of wage negotiations will stay in low gear.

RUBBER WAITS ON STEEL

Making fewer bones about it than most other industries, rubber is waiting on a settlement in steel. Three of rubber's Big Four companies have recessed their wage-bargaining talks with C.I.O.'s United Rubber Workers.

Latest to recess is Firestone. The company and union agreed last week to mark time after winding up some futile talks in Cleveland. Goodyear and U.S. Rubber had already recessed their negotiations.

That leaves only B.F. Goodrich bargainers at the table—and Goodrich talks are confined to working conditions. Wage and pension discussions have been put aside.

Most U.R.W. officials are very willing to let steel—and auto—set a pattern. Only important maverick is George Bass, president of the Goodrich local and a candidate for the international union presidency at U.R.W.'s annual convention, which meets next month. "Our claims have no relation to that of steel," Bass has declared. "We don't intend to wait until the President's committee reports."



CLASH AT GATES: Pickets block workers who accepted Bell's bid to come back to job

Bell Flareup Spells Trouble for U.A.W.

Violence flaring in the Bell Aircraft Corp. strike in Buffalo last week raised a question: Is U.A.W. getting desperate about its position in this key fourth-round wage dispute?

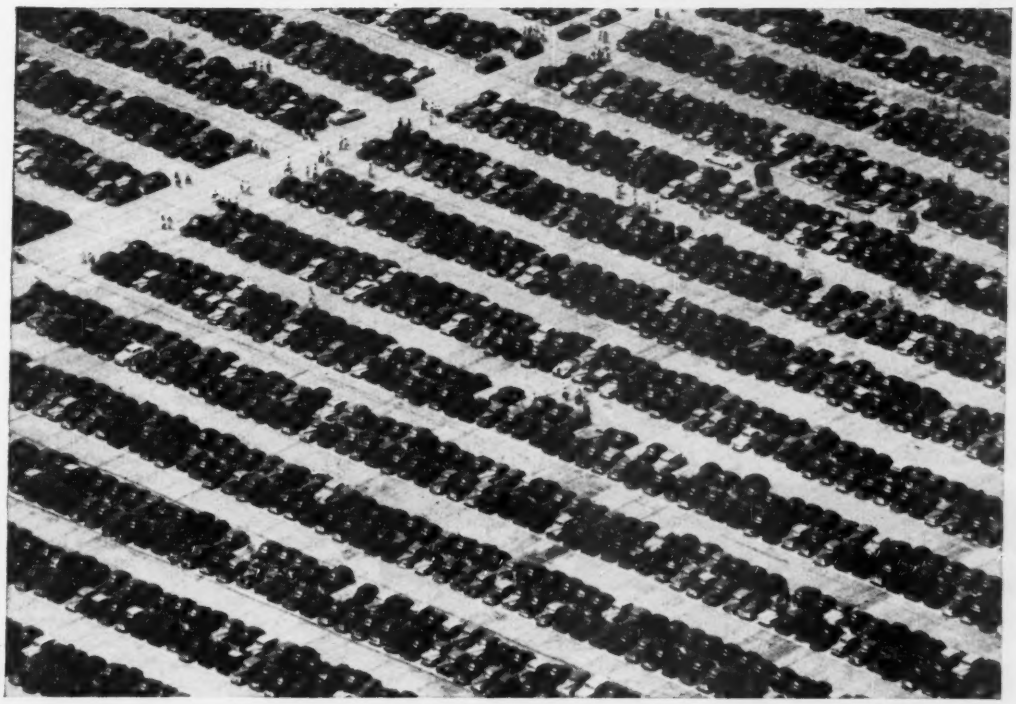
• **Background**—Three months ago, when the U.A.W. struck Bell, the union avowedly set out to make a pattern for 1949 aircraft wages. It demanded a 15¢-an-hour pay increase, a company-paid insurance plan that would cost $14 a month, pensions of $100 per month for 60-year-old employees, and some miscellaneous items. The company figured the total cost at 62½¢ added to hourly wage rates.

Bell made a "final offer" of an added $30 a year in company-paid insurance, a boost in certain wage minimums of 10¢ and 15¢ an hour, an increase of paid vacation time by two days for 5-year men, and a security clause in its contract to protect its top-secret work. U.A.W.'s response was to strike.

• **An Overwarm Welcome**—After two strike-bound months, the company opened its gates, declared it would welcome back all employees. How many workers responded is a matter of dispute, but there were enough, apparently, to make the union fear its strike was endangered. Pickets and returning workers clashed at the gates.

This week Secretary of Air Stuart Symington refused to intervene, and state mediators assigned by Governor Dewey worked with federal conciliators to find a settlement.

Why 5,285,425 is a lucky number for anyone who wants a new car!



THE automobile industry has been doing a magnificent job. The number of passenger cars and trucks — 5,285,425—produced in spite of difficulties in 1948 is convincing evidence of just how good that job has been.

5,285,425 is a *lucky* number, too, if you want a new car. For with production at an even higher level than last year, everyone who plans to purchase a new automobile can look forward to an early delivery of the car of his choice.

The steel industry deserves credit for an "assist" on this good job. Despite the vast quantities of steel which have had to go into the nation's other vital needs during the past few years, the auto makers have been getting the steel to boost their production figures amazingly high.

In addition, United States Steel has been supplying steel for housing developments all over the country, for new superhighways, for railroad equipment, for bridges, for power projects and civic improvements of many kinds.

Whatever the job the nation has — United States Steel is ready to help. *986 million dollars worth* of additions and improvements to U. S. Steel plants — all started since the end of the war — are nearly completed. The steel has been rolling out at a record-breaking rate.

Behind the scenes of this activity, United States Steel research scientists have been quietly and steadily creating the improvements that keep steel ahead of any other material. Nothing else can do what steel can do. United States Steel can supply what it takes to help build a better America.

This label is your guide to quality Steel.

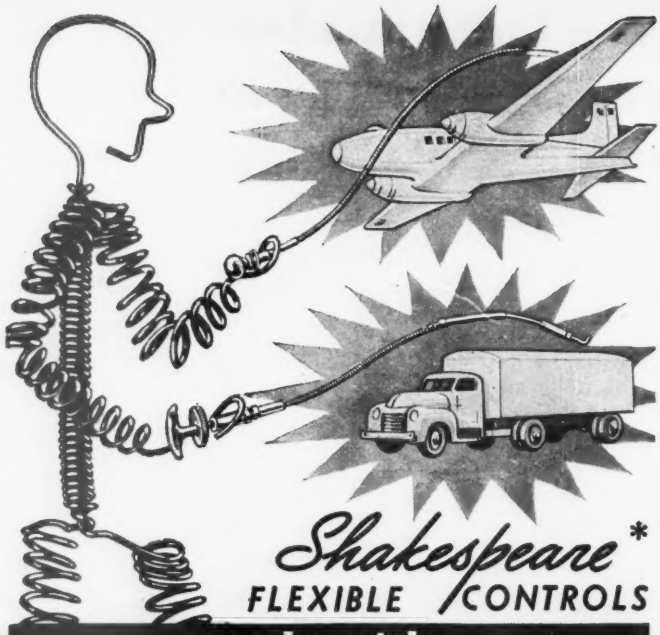
MANUFACTURED FROM USS STEEL UNITED STATES STEEL

UNITED STATES STEEL

Helping to Build a Better America

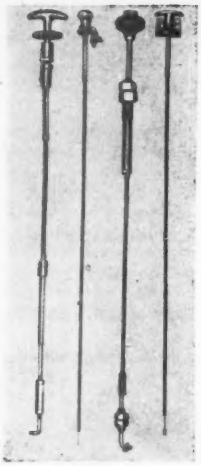
Subsidiaries: AMERICAN BRIDGE COMPANY · AMERICAN STEEL & WIRE COMPANY · CARNEGIE-ILLINOIS STEEL CORPORATION · COLUMBIA STEEL COMPANY · CONSOLIDATED WESTERN STEEL CORPORATION CYCLONE FENCE DIVISION · GERRARD STEEL STRAPPING COMPANY · NATIONAL TUBE COMPANY · OIL WELL SUPPLY COMPANY · TENNESSEE COAL, IRON & RAILROAD COMPANY · UNION SUPPLY COMPANY VIRGINIA BRIDGE COMPANY · UNITED STATES STEEL EXPORT COMPANY · UNITED STATES STEEL PRODUCTS COMPANY · UNITED STATES STEEL SUPPLY COMPANY · UNIVERSAL ATLAS CEMENT COMPANY

Listen to ... NBC Symphony Orchestra, *presented every Sunday evening by United States Steel. National Broadcasting Company, coast-to-coast network. Consult your newspaper for time and station.*



Shakespeare* FLEXIBLE CONTROLS

made with KEYSTONE WIRE



Shakespeare flexible control cables for trucks and aircraft give sure dependability . . . sturdy efficiency through smooth, positive operation.

Because these control cables are "life-lines" between operator and motor, the types of wire used in their construction must meet rigid specification . . . conform to extremely close tolerances. Several types of Keystone wire are used . . . galvanized basic; drawn-after-galvanizing MB; brite MB and coppered MB. Each type of Keystone wire delivers in full the exact uniformity of strength, gauge and analysis required.

Regardless of the performance demanded in your wire products, consult Keystone for the materials to meet your most exacting specifications.

*Shakespeare Products Company
241 E. Kalamazoo Avenue
Kalamazoo 2, Michigan

KEYSTONE MUSIC SPRING WIRE

SPECIAL ANALYSIS WIRE for all industrial purposes

KEYSTONE STEEL & WIRE COMPANY
PEORIA 7, ILLINOIS

LABOR BRIEFS

It may be a bluff or it may be serious business, but president Philip Murray has ordered full mobilization of the United Steelworkers' $8-million resources in preparation for a steel strike next month.

•

A strike has been averted at Lockheed Aircraft Corp. The International Assn. of Machinists (Ind.) accepted the company's latest offer on wages and working conditions, including a 5¢-an-hour blanket wage boost. Basic wages now run from 95¢ to $1.90 an hour.

•

Labor Press Associates, a new nationwide news-gathering agency, will appeal its denial of a seat in the congressional press galleries. The service, which is sponsored by A.F.L., C.I.O., and independent-union publications, was kept out by rules that bar admission to "associations or publications for special economic, labor, or business interests." L.P.A.'s leftist rival, the Federated Press, is in—because it serves the Daily Worker, which is a daily rather than a weekly paper.

•

The Senate Labor Committee has approved a resolution providing for a far-reaching study of labor-management relations. The study—to cost $25,000—will look into cooperation between labor and management, the conduct of collective bargaining, the administration and operation of existing federal labor laws.

•

An international fact-finding and conciliation commission, under the wing of the International Labor Organization, has been suggested by the United Nations Economic & Social Council. It would (1) hear complaints of violation of the right of freedom of association; (2) investigate conditions in individual countries; and (3) offer conciliation service to governments and union groups.

•

Two more right-wing victories in unions: Westinghouse Local 601 of the United Electrical Workers (C.I.O), in Pittsburgh, voted 7 to 2 against a left-wing slate; in the Wayne County C.I.O. Council, in Detroit, the right-wing vote was better than 8 to 1.

The Pictures—Harris & Ewing—81 (rt.); Int. News—19 (rt.); © 1949, Pittsburgh Post-Gazette—72; Wide World—19 (lt.), 81 (lt.), 82; Dick Wolters—61, 70.

NOW... through the magic of Recordak microfilming



...you can record 18 letters on a cent's worth of film...

• See how you can cut your record-keeping costs through the magic of Recordak microfilming!

You can record 18 business-size letters—or an even greater number of smaller papers—on just one cent's worth of film.

You can reclaim 99% of your filing space... put 7000 letters, for example, on a roll of film no larger than your palm. And each tiny image on the roll can be viewed sharp and clear... enlarged in the Recordak Film Reader.

You can eliminate errors in transcription, confusing abbreviations... record documents with photographic accuracy and completeness. *And do it* with amazing speed—60 or more documents per minute when you feed by hand... up to 125 per minute when the Recordak Automatic Feeder is used.

Such magic has simplified record-keeping routines... with important savings in time, labor, dollars... in 65 different types of business, in thousands of concerns. And the chances are it can do the same for you. Check and see! Write today for the full story. Recordak Corporation (*Subsidiary of Eastman Kodak Company*), 350 Madison Avenue, New York 17, N. Y.

RECORDAK **originator of modern microfilming—and its application to business systems**

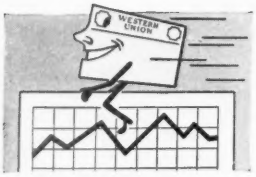
(Subsidiary of Eastman Kodak Company)

"Recordak" is a trade-mark

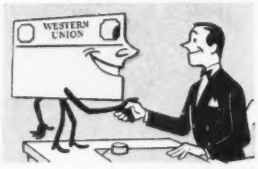
USE TELEGRAMS

TO KEEP "ON TOP" OF YOUR BUSINESS

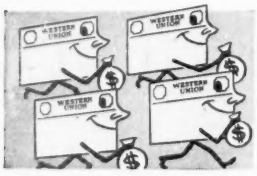
...AHEAD OF COMPETITION



Keep "on top" of the price situation. Announce new or special prices, make bids, stay abreast of swiftly changing markets with action-getting telegrams. Telegrams beat competition—provide immediate, "on record" notice.



Keep "on top" with your acknowledgments. Prompt replies by telegram on orders, inquiries, adjustments, can keep you tops in customers' eyes. A telegram conveys special attention, paves the way for additional sales.



Keep "on top" of collections by telegram. Overdue accounts will pay *you first*—when reminded by Western Union. The urgency of a telegram stimulates action yet never irritates. Telegrams get quick reports on credit inquiries, too.

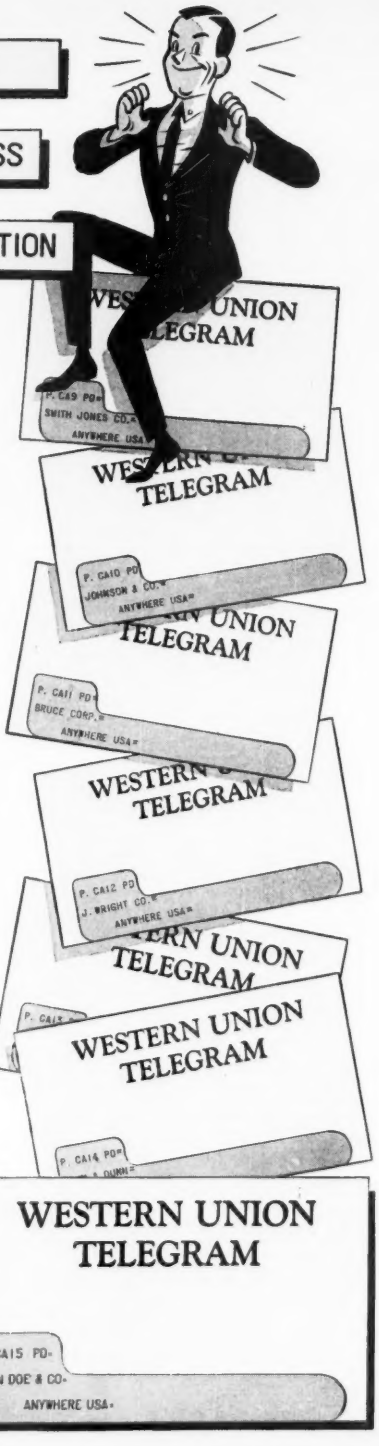


Keep "on top" of sales promotions—in today's buyer's market. Remember that now customers are more selective . . . they have to be *sold* again—even though present purchasing power is actually higher than a year ago.

KEEP AHEAD of competition for today's "reluctant" dollar with "book" telegrams . . . an identical message sent simultaneously to a list of customers. All you do is supply one message and a list of addressees . . . Western Union does all the rest for you.

MORE WAYS TO KEEP "ON TOP" WITH TELEGRAMS

1. ***Reservations***—To confirm hotel and travel reservations.
2. ***Orders***—Solicit or place orders. Telegrams provide written record, are legally binding.
3. ***Daily Operations***—Make reports, contact salesmen or the trade, speed business in general.
4. ***Shipments***—Advise of arrival or departure.



NOTHING ELSE GETS THROUGH,

GETS ACTION...LIKE A...

Let a Western Union Representative call and explain—with actual case histories—how telegrams can help solve your sales promotional problems, assist you in the daily conduct of your business.

INTERNATIONAL OUTLOOK

BUSINESS WEEK
AUGUST 27, 1949

The Marshall Plan nations have decided to start scrapping import quotas among themselves. This is the biggest step yet away from bilateral trading.

Until western European currencies can be made freely convertible—within western Europe, at least—the step won't mean much.

But at least OEEC seems to be making a real effort to create a single western European market.

•

The end of import quotas will bring OEEC face to face with a basic problem: Will western Europe be allowed to discriminate against U. S. goods?

Such discrimination, of course, violates almost every international trade pact to which the U. S. has been a partner since the war.

But the Europeans argue that no western European nation will be able to stand unlimited U. S. competition for at least a decade.

So if the U. S. insists on non-discrimination, you can expect OEEC to lose interest in trying to tear down trade barriers among its members. Trying to establish a single, protected western European market is one thing. Let in open U. S. competition and you have something else, the Europeans say.

•

France has just ripped out a whole host of quotas and tariffs on farm products and manufactured goods.

The move was neatly timed with the OEEC quota-scrapping drive. But the French had something entirely different in mind.

The Queuille government is worried over a mass strike threat by French trade unions who want a wage boost. A small flow of imports might keep continued pressure on French prices. The government hopes that will be enough to keep the unions in bounds.

•

French financial circles, too, think they see shadows of another inflationary spurt.

Actually, the French economy is still very healthy. The new scare is strictly a strawman occasioned by the approaching Washington monetary talks—with their implicit threat of wholesale devaluations.

But similar strawmen have brought down many a French government in the past. Now Paris business circles are talking about a shake-up in the Queuille government by October.

•

British businessmen and some high British officials are in revolt against the Labor government's generous releases of blocked sterling balances.

Right now about 20% of Britain's exports go to pay off Britain's debts instead of paying for current imports.

The Laborites use the sterling balances as a means of keeping full employment in the export industries. London financial circles believe that the most recent releases—to India, Pakistan, and Ceylon—were made by Labor politicians over the objections of civil service experts.

•

There are serious drawbacks to using sterling balances to keep employment up.

A continual flow of high-priced orders from the sterling area frees the British manufacturer of incentive to cut his costs or shift his attack to dollar markets. Some shipments to the sterling area could have been sold in Canada if not in the U. S.

Then again, any increase in the sterling supply invites more and more

traders to sell their pounds at a discount for hard currencies. This practice adds considerably to the lack of confidence in sterling generally.

•

The Chinese Communists are about ready to announce their "People's Democratic Government" for all China.

Oct. 10—China's traditional "double ten" holiday—is a good bet for the announcement. Peiping will be the capital.

Reports from China indicate Mao Tse-tung will avoid overcentralizing his government. That's one of the shackles that hobbled the Nationalists.

•

But, coincidentally, a loosely knit China fits Stalin's plans to a "T", too.

A centralized state would increase the danger that Mao might become another Tito. Relatively autonomous provinces would be easier to control from the Kremlin (BW-Dec.11'48,p103).

Mao's plans call for regional governments for Manchuria and North, Northwest, West, Central, and South China. These governments would be left to administer broad policies set in Peiping.

•

Look for new U. S. moves to bolster Tito around the first of October.

The State Dept. should be ready then to O.K. a $100-million Export-Import Bank loan to Yugoslavia.

On top of that Tito may get a World Bank loan. A World Bank mission will be returning from Yugoslavia about then. In Paris, last week, World Bank president Eugene Black said Tito wanted $250-million, but probably wouldn't get that much.

•

State wants to break the Ex-Im Bank loan down into five yearly instalments of $20-million each.

Tito will use the money to buy U. S. machinery for his mining and forestry industries. He will pay back the loan with shipments of chrome, lead, zinc, manganese, and other critical materials.

The World Bank loan would be used to buy industrial plant in the U. S.

•

Moscow's next tactical move against Tito may be an offer to let the West hand back Trieste to Italy.

The wrench-in-machinery prospects of such a move put it right up the Kremlin's alley. First it would embarrass the U. S. and Britain by making them withdraw their troops from the area. These troops are a continual warning to the Russians that any show of force in the Balkans might have world-wide repercussions.

Then it might interrupt the London-Washington-Belgrade honeymoon now in the making. Tito would object violently to the step.

•

The British will be armed to the teeth with facts about the Tito-Stalin tussles at the Washington financial talks (page 19).

It is part of a British plan to review the worldwide political scene at the talks. By pointing out the trouble spots in Europe, the Middle East, and the Far East, the British hope to show that this would be a bad time for the U. S. and Britain to fall out over money matters.

The British say they have documentary proof, for instance, that the Balkan situation will be really serious before the fall is out. British intelligence agents have been working hand in glove with Tito for some time now.

Contents copyrighted under the general copyright on the Aug. 27, 1949, Issue—Business Week, 330 W. 42nd St., New York, N. Y.

BUSINESS ABROAD



DEFENSE SECRETARY Johnson puts the military first, while . . . STATE SECRETARY Acheson favors a political approach

Whose Far East Policy Will It Be?

National Defense Dept. would aid all anti-Communist countries, build defense around Japan. State Dept. advocates economic security first, sees India and Indonesia as hub of Far East wheel.

Should military considerations determine America's new Far East policy? Or should political and economic considerations come first?

• **Two Schools**—Now that the controversial China White Paper is out two schools of thought are forming in Washington. Both take their text from the failure of the U. S. to save postwar China. Both agree that effective resistance movements in the Far East should get support.

But one school holds that the remaining non-Communist states in southeast Asia can be defended only if economic well-being and political freedom are secured first. This group regards India and Indonesia as the key powers, writes off Chiang Kai-shek completely.

The other school believes that as long as a government is anti-Communist it qualifies for U. S. aid. A strong Japan within the U. S. defense system is the key here. Some would still try to fish Chiang out of the drink.

• **Leaders**—Spokesman for the nonmilitary approach is Secretary of State Dean Acheson (picture, right). Acheson's staff of Far East experts—coached by ambassador at large Philip Jessup, who edited the White Paper—is working on a followup policy announcement now.

On the other side of the fence are a group of military stategists and highly vocal congressmen who hope to find their leader in National Defense Secretary Louis Johnson (picture, left). This group, suspicious of any "Great Plan" for the Far East, is demanding action now; it wants the U. S. to adapt its military position to the strategic change brought about by the Communist sweep through China.

State and National Defense seem ready to compromise to this extent: Australia and New Zealand—and later Indonesia—must be the point of departure for any new policy. But beyond that, the two departments are headed down different roads.

• **Nationalist**—The immediate differences between the two departments center on China. The military-minded are asking the U. S. to support Nationalist strongholds in the southwestern and remote northwestern provinces of China proper. For this purpose Republicans in both houses are trying to shove through Congress a $200-million last-ditch grant to the Nationalists.

• **On Third Force?**—Meanwhile, the Acheson group, like Diogenes hunting for an honest man, keeps trying to unearth a "third force" in the morass of Nationalist and Communist China. Chiang Kai-shek is definitely persona non grata at State.

But it is quite possible that by wintertime there won't be any Nationalist leaders to sign a receipt for a $200-million check. And there's no sign of a new, anti-Communist group in China.

• **Chiang's Chances**—Right now Chiang hasn't even a safe place to go with the remnants of his government. His redoubt on the island of Formosa is crumbling under him. Reports indicate he can no longer count on his Formosan army. The Formosans themselves never were reliable, as far as the Nationalists were concerned. They remember only too well the massacre of 1947, under Chiang's appointed governor, which according to reports took the lives of 20,000 of the island's inhabitants.

Secretary Acheson long ago warned the U. S. Chiefs of Staff not to consider fortifying Formosa as a Pacific base. Then, last week, the British asked State to back a plan to internationalize the island—occupy it with British and American troops. Acheson is side-stepping this one, as he did the British query on what the U. S. would do if Hong Kong were attacked. Some sort of trusteeship under the United Nations may be proposed for Formosa. But the idea of internationalizing the island will



Which would you rather lose—property dollars or income dollars?

If disaster shuts down your place of business, you will suffer an income and a property loss. You need protection against *both!*

Property insurance alone won't protect you against loss of income, but Hartford's Business Interruption Insurance can do just that. If fire, storm, or other hazards insured against, force you to suspend business, Business Interruption Insurance can protect you against loss of anticipated earnings.

Business Interruption Insurance can give you *just what your business itself* would have given you if no interruption had occurred.

Here, briefly, is how Business Interruption Insurance protects you:

BUSINESS BALANCE SHEET FOR ONE MONTH

Before Fire

Sales	$30,000
Cost of Merchandise	18,000
Gross Profits	$12,000
Expenses	10,000
Net Profit	$ 2,000

After Fire—WITHOUT Business Interruption Insurance

Sales	None
Cost of Merchandise	None
Gross Profit	None
Expenses continuing during shutdown	$ 7,000
Net Loss	$ 7,000
Add. Anticipated Profit Prevented	2,000
Total Loss	$ 9,000

After Fire—WITH Business Interruption Insurance

Sales	None
Cost of Merchandise	None
Gross Profit	None
Income from Business Interruption Insurance	$ 9,000
Expenses which continue	7,000
Net Profit	$ 2,000

(Same as was anticipated had no interruption occurred)

Hartford's Business Interruption Insurance is adaptable to almost any business enterprise; stores, factories, garages, theatres, hotels, etc.

The Hartfords have prepared work sheets to help determine how great a loss you might suffer and how much insurance you will need to safeguard your income. Write for them—there's no obligation!

HARTFORD

HARTFORD FIRE INSURANCE COMPANY
HARTFORD ACCIDENT AND INDEMNITY COMPANY
HARTFORD LIVE STOCK INSURANCE COMPANY
Hartford 15, Connecticut



Year in and year out you'll do well with the Hartford



INDIA'S NEHRU is a key man in State's new policy; he'll cooperate at a price

be pretty academic if the Communists act first.

• **Chungking?**—There has been talk that the Nationalists plan to set up headquarters in Chungking. But this would be futile. The province of Yunnan, which connects Chungking with the outside world by way of the old Burma Road, is practically all in the hands of Communist guerrillas. There is also talk that Chiang will hole up on the large, sparsely populated island of Hainan, off China's southern coast. Chances are, though, that rather than choose such an ineffective retreat he would go into exile, probably to the Philippines.

• **Japan Controversy**—Even the complete elimination of Chiang as a factor in the Far East isn't going to reconcile Washington thinking on a new policy. In fact, it will probably sharpen the other points of difference.

Take Japan, for instance. Both State and National Defense think Japan should play a part in any anti-Communist bloc. But State doesn't think Japan should be a charter member, while National Defense does.

National Defense regards Japan as the greatest military bulwark against Communism in the Far East today. There is no doubt that Gen. MacArthur's reports to Washington are designed to encourage this feeling. Now that Moscow controls practically all the coast of China, there is a good deal to be said for this opinion—from the military point of view.

The Japanese, too, would welcome the status of a key power in the U.S. defense system. That would be the same thing as granting them a pardon for their past sins. It would give Japan a bright future as a U.S. satellite.

Acheson's men, however, insist that the U.S. would pay a high price for

You Must Wet 'Em To Get 'Em!



SHOOTING chemical killers at some of our pesky bugs and weeds can be like shooting bullets at a battleship. The ammunition can kill—but it cannot penetrate armor. Penetration is our business, when it comes to bug-killers and weed-killers. Atlas produces those miracle chemicals called emulsifiers, which manufacturers of insecticides and herbicides incorporate into their formulas to carry the death-dealing toxicants past the hairy or waxy "armorplate" that protects many insects and weeds.

As part of Atlas service to our customers, we help select the right emulsifier to fit with specific toxicants and solvents to help kill specific pests. Merely using more toxicant is no guarantee of a better kill; but adjusting the quantity of emulsifier may double or treble the killing-power of the toxicant. Atlas takes into consideration not only such factors as spreading-power and penetration but the need for good mixing in hard or cold water.

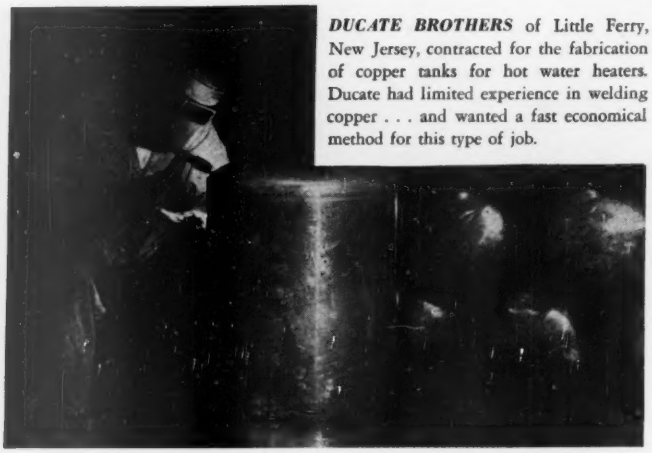
Blasting bugs is a far cry from blasting rock. Atlas serves in both these fields and in many others. In any field that uses Atlas products—emulsifiers, detergents, activated carbons, laundry covers, industrial finishes, explosives—Atlas is organized to provide technical service in its most complete sense. Atlas technicians are prepared to write a prescription for a specific product and problem. Our research and engineering staffs will welcome a call to consult on *your* problem.

ATLAS

ATLAS POWDER COMPANY
WILMINGTON 99, DELAWARE
Offices in Principal Cities

Industrial Explosives • Industrial Finishes • Laundry Covers • Acids
Activated Carbons • Hexahydric Alcohols • Surface Active Agents

Heliwelding speeds fabrication of copper hot water tanks



DUCATE BROTHERS of Little Ferry, New Jersey, contracted for the fabrication of copper tanks for hot water heaters. Ducate had limited experience in welding copper . . . and wanted a fast economical method for this type of job.

George Kotcher, Airco Technical Sales Representative, was called in to recommend the best, and least expensive fabrication method — one that would avoid loss of time and money. He suggested the use of manual Heliwelding.

The company followed this suggestion, and found that its rate of copper tank production was better than anticipated. More important, the method proved extremely economical, allowing complete control of welding variables — and resulting in smooth, high quality welds.

. . . .

TECHNICAL SALES SERVICE — ANOTHER AIRCO PLUS-VALUE FOR CUSTOMERS

To assure its customers of high efficiency in all applications of the oxyacetylene flame or electric arc, Air Reduction has available the broad, practical experience of its nationwide Technical Sales Division personnel. The collective experience and knowledge of these specialists has helped thousands to a more effective use of Airco processes and products. Ask about this Airco "Plus-Value" service today. Write your nearest Airco office. (In Texas: Magnolia Airco Gas Products Company . . . On West Coast: Air Reduction Pacific Company.)

AIRCO **AIR REDUCTION**

Offices in Principal Cities

Headquarters for Oxygen, Acetylene and Other Gases . . . Calcium Carbide . . . Gas Cutting Machines . . . Gas Welding Apparatus and Supplies . . . Arc Welders, Electrodes and Accessories

dubious security of a Far East policy, that built on Japan as a cornerstone. Such a policy would certainly strain U. S. prestige in the Philippines, Australia, Indonesia, and India. Already much of Asia is frightened at signs that the old order is reappearing in Japan (BW—Aug.13'49,p81).

• **Indonesia**—The State Dept. considers Indonesia and India the strongest anti-Communist bulwarks in the Far East. There is no doubt that State is counting heavily on a successful outcome of the Dutch-Indonesian round-table conference that got under way this week in The Hague. If the Dutch fail to live up to their promise to let Indonesia govern its own affairs, State's hopes for a new Far Eastern solution will be severely shaken. Chances are State will put a lot of pressure on the Dutch to toe the line.

• **India**—Even more important than Indonesia is India. The India of Prime Minister Jawaharlal Nehru is the logical partner for the U. S. if economic and political aid is to dominate our Far Eastern policy. Nehru is the type of modern Asian leader that the U. S. sought for in vain in China. Nehru's government has many of the attributes that Chiang's government lacked.

Most important of all is the close alliance between New Delhi and the Indonesian Republic. Republican Premier Mohammed Hatta stopped off to see Nehru last week on his way to The Hague. It was no mere propaganda move. Hatta and Nehru are fully agreed that Asia's new states must have full sovereignty before there is any question of joining a western bloc.

• **Nehru's Stand**—Nehru may name the price for his cooperation when he visits Washington this fall. For one thing, he might ask for free shipment of U. S. surplus wheat to India's depressed areas. For another, he might ask the U. S. to demand that the new United States of Indonesia have complete sovereignty over the whole Indonesian Archipelago. U. S. backing on these points might increase Nehru's interest in leading a Far Eastern anti-Communist bloc.

Up to now Nehru has made it clear that he has no desire to play the role of U. S. front man in Asia. He wants to be an ally—not a satellite. About the only thing that would change his mind would be the sudden appearance of a Communist government in Burma.

• **The Key**—Nehru's refusal to front for the U. S., of course, rules out India as a key power in the minds of military strategists. But the fact remains that India is the only big native power left in the Far East that offers an alternative to Communism and the old feudal order. State recognizes this advantage.

It may have been because of India that State threw cold water on Chiang's

plea for a Pacific Pact now. India—and therefore Indonesia—aren't ready to join yet.

There was another reason for State's coolness. It was obvious that Chiang seized on the desperate idea in a vain effort to exploit the differences within the Administration. State warned Philippine President Elpidio Quirino, when he was in Washington, to be leery of Chiang's overtures. Chances are Quirino will be less anxious to team up with Chiang from now on.

• **Indo-China Test**—Before State can really launch its new policy, it may run up against a big test. In his covering letter to the China White Paper, Acheson stated that acts of aggression by the Chinese Communist government against neighboring states should be considered an immediate danger to world peace. Such an aggression is a distinct possibility in French Indo-China.

Almost all experts agree that no formula yet devised can keep Indo-China's Communist leader Ho Cho Minh from taking over whenever Moscow gives the word. Even State Dept. officials will admit that Indo-China is a grave liability to U. S. plans to contain Communism in the Far East. The embattled French may soon give an ultimatum to the U. S.: Either we get military aid, or Indo-China is lost. Though State has made the point that Chinese-Communist aggression would threaten world peace, its current thinking probably doesn't include the salvation of Indo-China.

BUSINESS ABROAD BRIEFS

A 5,000-mi. highway across Canada will be started next year. The Canadian government will probably ante up some $150-million; provincial governments, $200-million.

•

ECA paid out $400,000 to cover the sale of Westinghouse patent rights and technical services to Ercole Morelli of Milan. Morelli makes heavy generating equipment.

•

Convair Corp. will design and engineer a new $500,000 glass plant for Jackson Bros., a British bottle manufacturer.

•

A new refinery to handle cobalt ores will be in production early next year near Cobalt, northern Ontario. It's backed by U. S., British, and Canadian capital; the British are providing the know-how.

•

Fiat's steel works in Turin has received $4.2-million from ECA and a $985,000 Export-Import Bank loan. Purpose: to buy new U. S. equipment.



"Quiet is really getting popular"

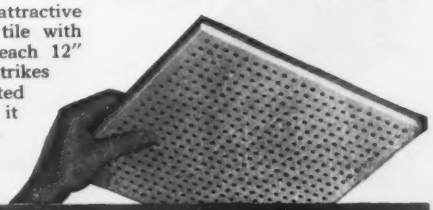
"Three office jobs already this week, and a restaurant slated for Monday. Guess people are finding out they can do something about noise."

Acoustical ceilings do stop noise, and many businessmen are discovering it. They're discovering, too, that they can get quiet—at low cost—with Armstrong's Cushiontone®.

Cushiontone is an attractive fiberboard acoustical tile with 484 drilled holes in each 12" square. When noise strikes Cushiontone's perforated surface, up to 75% of it is absorbed. In a Cushiontone-quieted room people naturally feel better and work more efficiently.

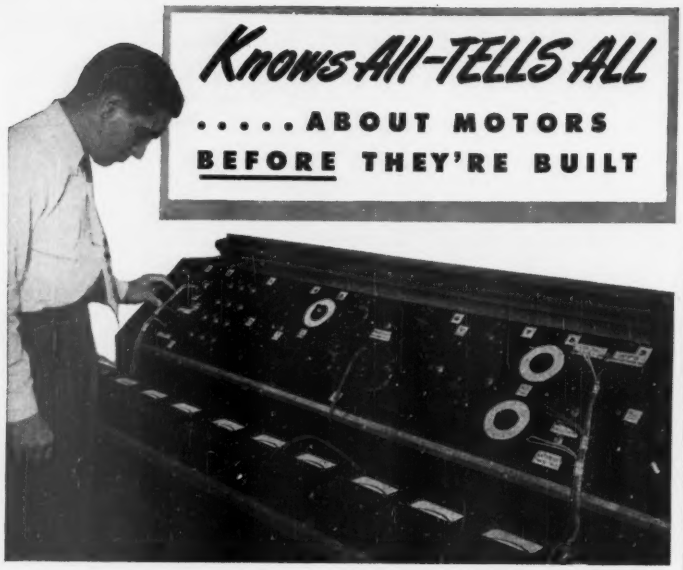
Cushiontone ceilings can be installed quickly, with little interruption of business routine. Ask your local Armstrong acoustical contractor for a free estimate.

WRITE FOR FREE BOOKLET entitled "What to do about Office Noise." Armstrong Cork Company, 4908 Walnut Street, Lancaster, Pennsylvania.



ARMSTRONG'S CUSHIONTONE

Made by the Makers of Armstrong's Linoleum and Asphalt Tile



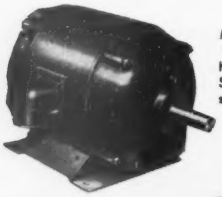
This 10-ft. "Electrical Slide Rule" Saves Plenty for R & M Customers

●When you come to Robbins & Myers with your motor problems, *this* machine helps to solve them. And the answers you get are not designs that merely meet *obvious* needs. They're the *best* motors, all things considered—for *every possibility* can be thoroughly probed in just a matter of minutes.

AN R & M ACHIEVEMENT . . . R & M engineers, who conceived the whole idea and built this amazing fact-finder, call it the *"Motor Calculating Board."* It consists of an intricate arrangement of reactance coils and resistances which may be used in a *multitude* of "equivalent circuit" combinations. By means of dials, desired values are set up in the various elements, and performance of an equivalent motor is then apparent by reading the meters.

FAST, ACCURATE . . . Use of "equivalent circuits" for *pencil-and-slide-rule* design computations is not new, but it remained for Robbins & Myers to develop such circuits for some of the most difficult motor types. Now, *any induction motor* that a designer may dream up can be quickly simulated, and both starting and running performances accurately predicted.

AT YOUR SERVICE . . . Robbins & Myers has long been noted for *skill* in motor design. Ask us to serve you, too! Write today.



Motors from 1/200 to 50 h.p. for all uses. Standard and special designs.



MOTOR PARTS
Interchangeable R & M Motor Parts cut costs on built-in applications.



Literature on Request

ROBBINS & MYERS • INC.
SPRINGFIELD 99, OHIO • BRANTFORD, ONTARIO
MOTORS • HOISTS • CRANES • FANS • MOYNO PUMPS

READERS REPORT:

Another Man's Opinion

Sirs:

Business Week of May 21, 1949, in its "Executive Opinion" section reported an interview with Thurman Arnold.

At one point, Mr. Arnold compliments his client, the Coca-Cola Co., by citing its refusal to grant a request for a discount from an unnamed "larger buyer."

It is well known that the buyer was Safeway Stores, and because Mr. Arnold infers that we wanted a "price discrimination," we believe the record should be clarified. Safeway advised the Coca-Cola Co. that it wished to discontinue direct deliveries by Coca-Cola bottlers to Safeway retail locations. This was in line with the following published policy:

> *". . . in the interest of promoting their own sales and to serve individual retailers, many manufacturers have developed highly specialized systems of direct delivery to individual stores.*
>
> *"This results in added distribution costs and the necessity for the Location Manager's taking time to talk to the manufacturers' representative, who acts as a salesman and delivery man.*
>
> *"Safeway believes that a saving can be made by having all merchandise delivered to their warehouses and distributed by Safeway trucks to stores. To this end, Company policy is to eliminate all direct deliveries as soon as possible."*

Safeway also requested an allowance equivalent to the cost savings which would be made by Coca-Cola bottlers in substituting deliveries to Safeway warehouses for direct deliveries to stores.

The issue was compromised some months ago, and Coca-Cola bottlers are making deliveries to the back doors of our retail locations on the basis of orders placed by our zone offices. There is no discount because the method does not eliminate handling costs. However, we are conserving the time of our retail location personnel.

We think Mr. Arnold was somewhat confused in his conclusions as well as his facts. He stated that the aim of the Robinson-Patman Act is to "allow business men similarly situated to get their necessities at the same price." He states further that Coca-Cola could have given Safeway a discount under the Robinson-Patman Act. We agree with both points.

But Mr. Arnold then advises that Coca-Cola refused the discount because it did not want to "put anybody out of business". This implies that Safeway's request, although admittedly legal, was morally wrong. All of which is nonsense.

Safeway sought no competitive advantage for the purpose of putting any-

body out of business. The discount requested by Safeway would have been both legally and morally proper, because it would have consisted solely of the difference in cost of sale and delivery to Safeway warehouses versus higher costs for other sale and delivery methods. Thus, the discount would have eliminated a price discrimination against Safeway—not created one in its favor.

LINGAN A. WARREN
PRESIDENT,
SAFEWAY STORES, INC.
OAKLAND, CALIF.

• We passed Mr. Warren's letter to Thurman Arnold for comment. Arnold writes:

(Warren states) that Safeway has a moral right to get goods at a lower price than its competitors if the law permits it and if by virtue of its buying power it is able to obtain that advantage. I suppose this is true and that no businessman is immoral who follows the statutes and decisions of the courts with respect to his business conduct. However I was not discoursing on morals but discussing the economic question of absentee ownership. I am convinced that absentee control of industries which can be effectively conducted by local concerns is an economic evil.

I therefore argued in my interview with Business Week that large nationwide operations should be confined to the single services which could not be carried on efficiently by local concerns.

A contrary policy I believe leads to draining local communities dry of their capital and their income. Where it is legal it seems to me against the economic philosophy of the antitrust laws, and the structure of business which finally results inevitably leads to actual violation of the antitrust laws. . . .

Tax-Refund Ruling

Sirs:

Your article entitled "Tax Refunds are Coming" [BW—Jul.16'49,p21] states: "The Bureau of Internal Revenue has just issued a ruling that may pave the way for several billion dollars of [excess-profits tax] refunds."

Where may we procure a copy of the ruling referred to, and what are its identifying numbers?

WILLIAM R. SCHILDKNECHT
M. J. GROVE LIME CO.,
LIME KILN, MD.

• The release, identified as E.P.C. 43, is available from the Bureau of Internal Revenue, Internal Revenue Building, 12th St. and Constitution Ave., Washington, D. C. The title is: "Treatments of Abnormalities Attributable to the Extraordinary Effect of Preparation for the War and Factors Resulting from the Outbreak of the War on Sept. 1, 1939."

ADVERTISERS IN THIS ISSUE

Business Week—August 27, 1949

AIR REDUCTION SALES CO. 84
Agency—G. M. Basford Co.

AMERICAN CYANAMID CO. 60
Agency—Hazard Advertising Co.

AMERICAN MUTUAL LIABILITY INS. CO. 5
Agency—McCann-Erickson, Inc.

AMERICAN NAME PLATE & MFG. CO. 74
Agency—Symonds, MacKenzie & Co.

AMERICAN RADIATOR & STANDARD SANITARY CORPORATION 8
Agency—Batten, Barton, Durstine & Osborn, Inc.

AMERICAN TELEPHONE & TELEGRAPH CO. 6
Agency—N. W. Ayer & Son, Inc.

ARMSTRONG CORK CO. 85
Agency—Batten, Barton, Durstine & Osborn, Inc.

ATLAS POWDER CO. 83
Agency—The Aitkin-Kynett Co.

BUNDY TUBING CO. 29
Agency—Brooke, Smith, French & Dorrance, Inc.

CENTRAL PAPER CO., INC. 34
Agency—Crescent Adv. Service

COLD METAL PRODUCTS CO. 61
Agency—H. M. Klingensmith Co.

CRUCIBLE STEEL CO. OF AMERICA 37
Agency—G. M. Basford Co.

C. A. DUNHAM CO. 31
Agency—The Buchen Co.

DUREZ PLASTICS & CHEMICALS, INC. 32
Agency—Comstock, Duffes & Co.

THOMAS A. EDISON INC., STORAGE BATTERY DIV. 4
Agency—Lasky Company

THE FAFNIR BEARING CO. ..... 3rd Cover
Agency—Horton-Noyes Co.

FORD MOTOR CO. 46
Agency—J. Walter Thompson Co.

GENERAL ELECTRIC CO., LAMP DEPT. 18
Agency—Batten, Barton, Durstine & Osborn, Inc.

THE B. F. GOODRICH CO. 1
Agency—The Griswold-Eshleman Co.

GRINNELL CO., INC. 12
Agency—Horton-Noyes Co.

HANDLING DEVICES CO., INC. 74
Agency—Donald W. Gardner

HANSEN MFG. CO., INC. 68
Agency—Hathaway Adv. Agency

HARTFORD FIRE INSURANCE COMPANY AND HARTFORD ACCIDENT & INDEMNITY COMPANY 82
Agency—Newell-Emmett Co.

E. F. HAUSERMAN CO. 43
Agency—Meldrum & Fewsmith, Inc.

HILTON HOTELS CORP. 65
Agency—Needham & Grohmann, Inc.

A. C. HORN CO., INC. 2
Agency—J. D. Tarcher & Co., Inc.

HOTELS STATLER CO., INC. 14
Agency—Young & Rubicam, Inc.

HOUSEHOLD MAGAZINE 40
Agency—The Buchen Co.

HOWELL ELECTRIC MOTORS CO. 41
Agency—Brooke, Smith, French & Dorrance, Inc.

INTERNATIONAL DAIRY EXPOSITION, INC. 63
Agency—Camenisch and Sawyer Adv., Inc.

INTERNATIONAL MINERALS & CHEMICALS CORPORATION 49
Agency—C. Franklin Brown, Inc.

JAMES HOTEL CO. 34
Agency—George Knox & Assoc.

KEYSTONE STEEL & WIRE CO. 76
Agency—Mace Adv. Agency, Inc.

KIMBERLY-CLARK CORP. 30
Agency—Foote, Cone & Belding

KOPPERS CO., INC. 71
Agency—Batten, Barton, Durstine & Osborn, Inc.

THE LORD BALTIMORE HOTEL 74
Agency—Emery Advertising Corp.

LURIA ENGINEERING CORP. 47
Agency—Rickard & Co., Inc.

LYON METAL PRODUCTS 35
Agency—Reincke, Meyer & Finn, Inc.

MANNING, MAXWELL & MOORE, INC. 39
Agency—Briggs & Varley, Inc.

McCLOSKEY CO. 66
Agency—Bond & Starr, Inc.

McGRAW-HILL BOOK CO., INC. 69

MISSOURI PACIFIC R. R. 38
Agency—D'Arcy Adv. Co., Inc.

MOSINEE PAPER MILLS CO. 48
Agency—Klau-Van Pietersom-Dunlap Assoc., Inc.

NELSON STUD WELDING—DIV. MORTON GREGORY CORP. 70
Agency—Charles F. Dowd, Inc.

PITNEY-BOWES, INC. 67
Agency—L. E. McGivena & Co., Inc.

PITTSBURGH LECTRODRYER CORP. 72
Agency—Fuller & Smith & Ross, Inc.

PITTSBURGH STEEL CO. 68
Agency—Bond & Starr, Inc.

PLASKON DIVISION, LIBBEY-OWENS-FORD GLASS CO. 50
Agency—Meldrum & Fewsmith, Inc.

PLUS COMPUTING MACH., INC. 62
Agency—Fuller & Smith & Ross, Inc.

PORTLAND CEMENT ASSOC. 64
Agency—Roche, Williams & Cleary, Inc.

RECORDAK CORPORATION (SUB OF EASTMAN KODAK CO.) 77
Agency—J. Walter Thompson Co.

REMINGTON RAND, INC. 7
Agency—Leeford Adv. Agency, Inc.

ROBBINS & MYERS, INC. 86
Agency—Erwin, Wasey & Co. Ltd.

JOHN A. ROEBLING'S SONS CO. 3
Agency—Beatty & Oliver, Inc.

ROSS CARRIER CO. 28
Agency—Paxson Advertising

SHAKEPROOF, INC. ..... 4th Cover
Agency—Behel & Waldie & Briggs, Inc.

SHARON STEEL CORP. 59
Agency—McClure & Wilder, Inc.

SINCLAIR OIL CORP. 27
Agency—Doremus & Co., Inc.

SOCONY-VACUUM OIL CO., INC. 44-45
Agency—Compton Adv., Inc.

SPENCER CHEMICAL CO. 36
Agency—Rogers & Smith

SPERRY GYROSCOPE CO., INC. 17
Agency—Chas. Dallas Reach Co., Inc.

SUN OIL CO. 11
Agency—Gray & Rogers

UNITED AIRCRAFT CORP. 33
Agency—Platt-Forbes, Inc.

U. S. STEEL CORP. 75
Agency—Batten, Barton, Durstine & Osborn, Inc.

VIKING CORP. 72
Agency—The Jaqua Co., Adv.

WAR ASSETS ADMINISTRATION 70
Agency—Fuller & Smith & Ross, Inc.

WARNER & SWASEY CO. ..... 2nd Cover
Agency—The Griswold-Eshleman Co.

THE WAYNE PUMP CO. 42
Agency—Bonsib Adv. Agency

WESTERN UNION TELEGRAPH CO. 78
Agency—J. Walter Thompson Co.

WORTHINGTON PUMP & MACHINERY CORP. 73
Agency—James Thomas Chirurg Co.

An Economist Businessmen Should Know

The so-called Little Steel formula tied wartime increases in wages to increases in the cost of living. Establishment of that formula, as you might expect, was the signal for some of our principal labor leaders to charge that the cost-of-living index, as kept by the Bureau of Labor Statistics, did not truly reflect actual increases in the cost of living.

To settle the argument, the late Wesley Clair Mitchell was called in as the head of a technical committee. He found that the index was off a few points; he carefully and quietly explained why, and that was that. A tremendous hullabaloo was deflated because no one had the temerity to take on Mitchell in an appeal to the facts.

Today, Wesley Mitchell would be overwhelmingly acknowledged by the members of the craft of economists as the greatest American economist of his time. And, though Heaven only knows how people manage to see across the ages well enough to make such comparisons, he probably would also be held the greatest of all American economists.

But for one so uniquely esteemed by his fellow craftsmen, Mitchell had relatively little public renown. This was due in part to the sort of economic subjects to which he applied himself most intensively. But it was due even more to the way he applied himself.

Study in Contrasts

John Maynard Keynes, the great British economist whose life span was about the same as Mitchell's (BW—Apr.27'46,p112), affords an illuminating case in contrast. Keynes theorized broadly and brilliantly on the whyfor of economic behavior. His great work was "The General Theory of Employment, Interest, and Money." In the course of his speculating, he tossed off ideas and theories which politicians recognized as valuable weapons. In getting into the stream of politics, he got into the stream of news.

Mitchell, in his first and probably greatest work on "Business Cycles," performed a tour de force in economic analysis that will no doubt stand up to anything Keynes did. But then Mitchell turned from theorizing. He set for himself the infinitely more arduous and exacting task of determining how his analysis would stand up under the impact of facts—facts that were often extremely elusive. It was this determined and skillful appeal to facts that gave Mitchell his pre-eminence in his profession—without giving it to him in the headlines. He was to the development of American economics what the late Louis D. Brandeis was to the development of law.

As a way to press his relentless testing of theory by performance, Mitchell took a lead in founding the National Bureau of Economic Research. He imparted to his co-workers there something of both his zeal for science and his lack of zeal for personal financial aggrandizement. As a young instructor living comfortably at the University of California, Mitchell had found the family of a recently deceased colleague in a terrible financial hole. With no fanfare he took up an abode in a single room and went on an emergency budget. He quietly turned the saving over to the beleaguered family.

Quite a lot of Mitchell's spirit of selflessness hovers around the National Bureau, as it is known among economists. There, some of the most highly skilled economic technicians in the land dig and dig and dig to put a factual foundation under an economic generalization, or toss it in the ash can. The general fields in which they now have research programs are national income, business cycles, employment production and productivity, finance, fiscal policy, labor problems, and prices.

The Man and His Work

The current issue of the American Economic Review, official journal of American economists, carries a memorial to Mitchell. It was written by Frederick C. Mills, his friend and colleague at Columbia University for many years, and his co-worker in the National Bureau of Economic Research. The latest annual report of the bureau, available for the asking, is largely given over to a more extended account of Mitchell's life and works by Arthur F. Burns, the bureau's present director of research.

One special reason why we think readers of BUSINESS WEEK would be interested in these accounts of the life and works of Wesley Mitchell is that, unlike many who have attained eminence in economics, Mitchell had a wholesome regard for the peculiar strengths of a system of individual enterprise. Always mindful of its imperfections and keenly interested in ways of getting rid of them, he stressed the historical fact that "in the countries that have given wide scope to private initiative . . . , the masses of mankind attained a higher degree of material comfort and a larger measure of liberty than at any earlier time of which we have knowledge, or under any other form of organization that mankind has tried out in practice."

In the course of some philosophical reflections on the role of his craft Lord Keynes once remarked, "The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves quite exempt from intellectual influences, are usually the slave of some defunct economist."

If men of practical affairs, particularly in the realm of politics, could be animated by the spirit of Wesley Mitchell, this would be a relatively happy state of affairs. Then we might find out what actually makes this economy of ours work as it does; find out before it is smashed up by the clash of detached theories propelled by politicoes.



They won't make a *Grease Monkey* out of your wife



Fafnir Plya-Seal Ball Bearing in which synthetic rubber washers, held in place by spring steel retaining rings, make the most perfect seal ever attained for ball bearings . . . locking in the lubricant and completely shutting out dirt and moisture.

Your wife wins . . . and every "lady of the house" everywhere. No more oil-or-else "CAUTIONS" when she buys herself an electric gadget. Instead, appliance makers have met the inevitable with the obvious . . . sealed ball bearings packed with a years-ahead supply of lubricant. A nice job of collaboration with Fafnir, who developed the first sealed ball bearing and a whole series of bearing protection devices, including the famous removable seal, the Fafnir Plya-Seal. Fafnir does the same thing for all kinds of manufacturers because Fafnir's experience is not limited to just one or two industries but is industry-wide. The Fafnir Bearing Company, New Britain, Conn.

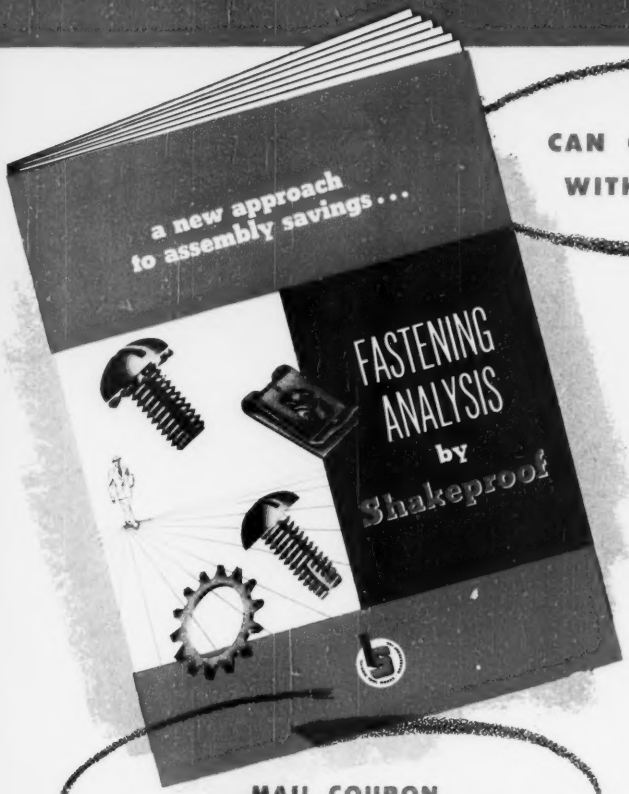
FAFNIR

BALL BEARINGS

MOST COMPLETE LINE IN AMERICA

to all manufacturers

OF ASSEMBLED METAL PRODUCTS



LEARN HOW YOU CAN CUT PRODUCTION COSTS WITH BETTER FASTENINGS!

Important savings are certain . . . proved by America's leading manufacturers . . . no charge or obligation . . . Here, told for the first time, is a story of great importance to the management men of every company making assembled metal products . . . the story of Shakeproof's "Fastening Analysis" service. This twelve page booklet presents a real opportunity to achieve major savings in both time and money . . . plus the sales gains that are certain with improved product performance.

See how Shakeproof engineered fastenings are now saving hundreds of thousands of dollars every year for leading manufacturers in nearly every industry. Learn how the same principles can be applied to your assembly! Write for your free copy of "Fastening Analysis by Shakeproof" today!

MAIL COUPON FOR YOUR *FREE* COPY TODAY!

SEND MY FREE COPY OF "FASTENING ANALYSIS BY SHAKEPROOF"

NAME _____ TITLE _____

COMPANY _____

STREET AND NUMBER _____

CITY _____ ZONE _____ STATE _____

SHAKEPROOF inc.

DIVISION OF ILLINOIS TOOL WORKS

2501 North Keeler Avenue, Chicago 39, Illinois

In Canada: Canada Illinois Tools, Ltd., Toronto, Ontario

"FASTENING HEADQUARTERS"